

Executive Summary

Local governments, except for counties, are generally prohibited by statute from imposing sales taxes. Counties are allowed by statute to impose general sales taxes to fund transportation and transit. Currently, 53 counties use this statutory authority.

Additionally, the legislature has authorized, through special legislation, a number of local sales taxes. Currently, 43 cities, one sanitary district, and four counties (including three counties imposing a tax under statutory authority) impose taxes under special law. These local taxes have differed significantly in their characteristics and administration. In 1997, the legislature enacted model statutory language regarding imposition and administration of new and existing local sales taxes. The legislature modified this law significantly in 2019 to place more emphasis on using revenues from these taxes for projects of regional significance.

This publication is divided into several sections—the first summarizes the general statute related to seeking and administering local sales taxes including steps a local government must follow when seeking special legislation under this statute, and the second describes the general statutory county authority to impose local sales taxes to fund transportation and transit and lists the counties using that authority. This is followed by tables showing all local sales taxes imposed or authorized through special legislation. A history of the major changes in the statutory provisions related to local sales taxes is included in an appendix.

This publication only discusses general local sales taxes, it does not include local lodging, food and beverage, or amusement taxes.

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Statutory Provisions Applying to Local Sales Tax Authority

In 1971, the legislature enacted a law that stated that no local government “...shall increase a present tax or impose a new tax on sales or income” as a tradeoff to the state providing significant general purpose aid to local governments.¹ Despite this prohibition, the legislature has allowed a number of local sales taxes to be imposed via special legislation. Also beginning in 2008, counties were granted general authority to impose local sales taxes for transportation purposes.

In 1997 the legislature codified provisions to be followed in administering current or new local sales taxes imposed under special or general law. The statute also outlined the steps a local government should take before seeking local sales tax authority under a special law. Over the years these provisions have been recodified and amended, most recently in the 2019 legislative session. Some of the administrative provisions included in this statute were required as a condition of the state becoming a member of the Streamlined Sales and Use Tax Agreement (SSUTA).² Most of the current provisions are contained in [Minnesota Statutes, section 297A.99](#), and are described here. Many of the administrative provisions apply to the county statutory sales tax authority, as well as to taxes imposed under special law.

The steps a local government must take when seeking special legislation to impose a local sales tax are scattered throughout the section but are summarized on [page 6](#). A history of the changes made to these provisions can be found in the appendix.

Local Taxes Subject to the Statutory Provisions

The statutory provisions apply to all local sales taxes, unless the enabling legislation specifically exempts the local authority from all or part of this statute.³ A local government cannot impose a separate local tax on motor vehicles in addition to the sales tax, except for a county under the general county sales tax authority. ([Minn. Stat. § 297A.99](#), subd. 1.)

Limits on Spending Related to Imposing Local Sales Taxes

Local governments are prohibited from spending money to advertise or otherwise spend money to *promote* passage of a referendum for imposing a local sales tax. They may only spend money to:

- 1) conduct the referendum;

¹ The original prohibition was included as a subdivision in the local government aid law (Minn. Stat. 1971, § 477A.01, subd. 18), but the language was modified slightly and moved into a separate section – [Minn. Stat. § 477A.016](#), when the local government aid chapter was recodified in the 1981 first special session.

² The SSUTA is a voluntary agreement between 21 states to streamline and simplify sales taxes collection for businesses operating in multiple states. Minnesota has been a participating state since 2001.

³ The statutory provisions preempt any contrary provisions included in local sales taxes authorized by special law prior to June 2, 1997.

- 2) distribute the information about the sales tax contained in the required resolution, but only if specific proposed projects and their individual projected costs are enumerated; and
- 3) host public forums on the issue, provided proponents and opponents were given equal time to speak. ([Minn. Stat. § 297A.99](#), subd. 1, para. (d))

Local Resolution Requirements for Seeking Special Legislation

Before a political subdivision seeks special legislation authorizing the imposition of the sales tax, its governing body must pass a resolution indicating its desire to impose the tax. The resolution must include information on the proposed tax rate, the amount of revenue to be raised and its intended use, and the anticipated date when the tax will expire. Information from the resolution is used in preparing the necessary special legislation. ([Minn. Stat. § 297A.99](#), subd. 2)

Special Resolution for Certain Taxes Authorized in the 2019 Session

Certain cities that were authorized to impose a local sales tax in 2019 are required to pass a second resolution before the tax may be imposed. The resolution must enumerate very specific projects to be funded by the sales tax revenues within the broader project areas listed in the original voter-approved referendum and requires that funds only be used for those projects. The definition of “specific project” can be found in [Minnesota Laws 2019, first special session, chapter 6](#), article 6, section 34.

Cities subject to this provision are: Avon, Cambridge, Glenwood, International Falls, Two Harbors, and Worthington.

Voter Approval Requirements Before Imposition of the Tax

Political subdivisions must hold a local referendum at a general election⁴ before imposing a local sales tax authorized by special law. Over the years, the timing of the referendum—whether it should be held before or after the enabling legislation had passed has changed. Currently the sales tax must be authorized by the legislature before the voters can approve its imposition. ([Minn. Stat. § 297A.99](#), subd. 3)

If the enabling legislation allows the tax to fund more than one project a separate vote must be held for each project. Only the projects approved by voters may be funded by the sales tax and the authorized revenue to be raised and length the tax is imposed is reduced for any project that is not approved by the voters.

⁴ A general election means either the state general election held on the first Tuesday after the first Monday in November of an even-numbered year, or a regularly scheduled election for local public officials for that political subdivision.

Determination of the Local Tax Rate

The local tax rate is set in the legislation authorizing the tax. The statute clarifies that the full local tax rate applies to all taxable sales. SSUTA allows lower rates to apply to certain items but all current local sales taxes have only one rate.⁵ ([Minn. Stat. § 297A.99](#), subd. 5)

Definition of the Tax Base for the Local Tax

The statute provides that the local sales tax applies to the same tax base, with the same exemptions, as the state sales tax. A taxable service is subject to the local tax if more than one-half of the service, based on the cost, is performed within the local jurisdiction. ([Minn. Stat. § 297A.99](#), subds. 4 and 7)

The following sales made within the local taxing jurisdiction are exempt from the local tax:

- Purchases shipped outside the taxing jurisdiction for use in a trade or business outside of the jurisdiction
- Purchases temporarily stored in the taxing jurisdiction before being shipped by common carrier for use outside of the jurisdiction
- Purchases that are subject to the direct pay provisions for interstate motor carriers under [Minnesota Statutes, section 297A.90](#)

Requirements of a Complementary Use Tax

A complementary use tax is required in all jurisdictions with a local sales tax.⁶ The use tax is imposed on the consumption or “use” of taxable items for which no sales tax was paid. The tax is imposed mainly on purchases by resident buyers from sellers located outside of the local taxing jurisdiction. The use tax removes the disadvantage to local businesses from competition with businesses located outside of the taxing area that are not required to collect the local sales tax. ([Minn. Stat. § 297A.99](#), subd. 6)

The statute also allows a credit against the use tax owed for a local sales or use tax paid to another political subdivision. This is similar to the credit against state sales and use tax for the amount of sales taxes paid to another state. ([Minn. Stat. § 297A.99](#), subd. 8)

A political subdivision with a local sales and use tax must notify its citizens about the local use tax and provide information or electronic links to allow persons to get information and forms needed to pay the tax. The political subdivision must post the information on the main page of its website and provide an annual notice with the billing statement for any public utilities provided by the jurisdiction. ([Minn. Stat. § 297A.99](#), subd. 12a)

⁵ The one-rate-per-taxing-jurisdiction requirement in SSUTA does not apply to the sale of the following items: electricity, gas, or other heating fuels delivered by the seller, or the transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

⁶ Four local taxes enacted before 1997 did not include a complementary use tax—in Cook County and the cities of Hermantown, Mankato, and St. Paul. A local use tax was imposed in these political subdivisions beginning January 1, 2000.

Collection, Administration, and Enforcement of Local Taxes

The statute requires the Commissioner of Revenue to administer and collect local sales and use taxes. This merely codified preexisting practice.⁷

The local taxes are subject to the same penalties, interest, and enforcement provisions as the state sales tax. Refunds of excess state sales taxes paid must also include a refund of any excess local sales tax paid. The state deducts its collection and administration costs and any local tax refunds from the tax revenue returned to the local taxing jurisdiction. The net local tax revenue is paid to the local taxing jurisdiction on a quarterly basis. [Minn. Stat. § 297A.99](#), subds. 9 and 11.

Imposing and Repealing Local Sales Tax

To facilitate state administration of local taxes, the imposition of a tax may only begin on the first day of a calendar quarter. Repeal of a local tax is only effective at the end of a calendar quarter. A local taxing jurisdiction must give the Department of Revenue at least 90 days' notice before a tax is imposed or repealed. The tax is effective after the commissioner has given sellers located in the area at least 60 days' notice and will apply to catalog or remote sales only after the commissioner has given these sellers 120 days' notice. The practical effect is that there may be a delay in the imposition of a local tax on remote sales if the local government does not provide at least a 120-day advance notice to the state. ([Minn. Stat. § 297A.99](#), subd. 12)

Because of the notification and timing requirements, local taxes will usually terminate after the authorized amount is raised. The local government may usually keep this revenue; however, the commissioner may keep any revenue in excess of the average quarterly revenue raised from the tax in the previous 12-month period and deposit it into the state general fund. ([Minn. Stat. § 297A.99](#), subd. 3, para. (f))

The law also requires a political subdivision to wait one year after the expiration of a tax before imposing a new tax. ([Minn. Stat. § 297A.99](#), subd. 3, para. (d))

Despite this requirement, the legislature has granted extensions of existing sales taxes without the required break.⁸ The only local governments that let an existing tax expire for at least one year before imposing a new tax for a different purpose are:

- Cook County, which let a tax expire in 2008 and sought and received authority for a new tax during the 2009 legislative session;

⁷ The city of Duluth is the only local government to ever collect and administer its own tax. At the city's request, it was originally exempted from the collection and administration provisions of the statute. However, the exemption ended and the commissioner began collecting the Duluth tax January 1, 2006, to meet the SSUTA requirement that one agency collect all state and local sales taxes.

⁸ Extensions have been granted without a break in imposition for the following local sales taxes since 2005: the Central Minnesota city tax; taxes in the cities of Albert Lea, Baxter, Brainerd, Hermantown, Mankato, New Ulm, North Mankato, Proctor, Rochester, and Worthington; and the second local tax imposed by Cook County in 2009.

- the city of Wilmar, which imposed a tax in 1997 that expired in 2001 and sought and received authority for a new tax in 2005 that expired at the end of 2012; and sought and received authority for a new tax in 2019;
- the city of Fergus Falls, which let its 2010 tax expire in 2016 and received authority to impose a new tax in 2017.

Determining the Site of a Delivery for Local Tax Purposes

Zip codes are used to determine whether a delivery sale is subject to a local sales and use tax. If a zip code area includes more than one tax rate the lowest rate in the zip code area applies. For example, if a zip code includes both a portion of Edina (with no local sales tax) and a portion of Minneapolis (with a half-cent local sales tax), the Minneapolis tax may not be collected. Nine-digit zip codes should be used, if available, to determine the tax rate. ([Minn. Stat. § 297A.99](#), subd. 10)

Special Authority for First-class Cities

Notwithstanding the requirement that sales tax revenues only fund the projects explicitly specified in the enabling legislation, cities of the first class (Minneapolis, St. Paul, Duluth, and Rochester) may also use the revenues to fund certain large capital projects of regional significance without additional voter approval. These cities may use revenues that exceed the amount needed to pay for the financing of the specified capital projects to help fund a sports facility, convention center, or civic center that has a construction cost of at least \$40 million. ([Minn. Stat. § 297A.9905](#))⁹

General Steps for Seeking Local Sales Tax Authority

In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

- 1) The governing body of a local government must pass a resolution proposing the tax and including the following:
 - a. the proposed tax rate;
 - b. a detailed description of no more than five capital projects to be funded by the tax;
 - c. documentation of the regional significance of each project including the benefits to nonlocal persons and businesses;
 - d. the amount of revenue to be raised for each project and the estimated time to raise that amount; and
 - e. the total revenue to be raised and anticipated expiration date for the tax.

⁹ This authority was granted in the bill authorizing the use of the Minneapolis sales tax to fund a portion of the Vikings football stadium. The city of St. Paul is helping to finance a minor league baseball stadium from its existing tax.

- 2) The local government must submit the resolution and documentation on regional significance of the project(s) to the chair and ranking minority member of the House and Senate tax committees by January 31 of the year that it is seeking the special law.
- 3) Working with a legislator, the local government must request and get enacted a special law authorizing imposition of the tax.
- 4) The local government must file local approval with the secretary of state before the start of the next regular legislative session after the session in which the enabling law is enacted.
- 5) The local government must receive voter approval at a general election within two years of receiving the local sales tax authority before it can impose the tax. A separate question must be held for each project and only the ones approved by voters may be funded by the sales tax. The authorized revenue to be raised and length of time that the tax is imposed is reduced for any project that is not approved by the voters.
- 6) The local government must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

Transportation Local Sales Taxes Authorized by Statute

In 2008, the legislature enacted two statutes to allow counties to impose local sales taxes to help fund transportation. The Metropolitan Transportation Area sales tax provision allowed any county in the Twin Cities seven-county metropolitan area, to join the Metropolitan Transportation Area, which imposed a tax in the area to fund transit projects. The Metropolitan Transportation Area was dissolved in 2017 and this provision is currently not used. The history of this provision is included in the appendix. The Greater Minnesota transportation sales and use tax provision now applies to all counties in the state and allows them to impose a tax singly or as part of a joint powers agreement to fund a specified transportation or transit project, or transit operations.

Greater Minnesota Transportation Sales and Use Tax

Any county may singly or through a joint powers agreement, impose a local sales and use tax of up to one-half of 1 percent and a \$20 excise tax on commercial sales of motor vehicles to fund a transportation or transit project. ([Minn. Stat. § 297A.993](#))

In order to impose the tax, the county or counties must specify a project to be funded by the proceeds. A county only needs to pass a resolution in order to impose the tax. The tax revenue may pay for transit capital and operating costs and capital costs for a safe routes to school program, as well as specified transportation capital projects. Except in the cases where the tax is funding transit operating costs, the tax expires when the specific project is completed;

however, a county may by resolution extend the use to a new enumerated project. A county may also issue limited obligation bonds for the specified projects, backed only by the revenues from the sales tax. Fifty-three out of 87 counties in the state impose a transportation sales tax. They are listed in Table 1.

Table 1
Counties Imposing a Transportation Sales and Use Tax

| County | Date Tax Imposed | Tax Rate | Also Imposes a \$20 per Vehicle Excise Tax |
|------------|------------------|----------|--|
| Anoka* | 10/1/2017 | 0.25% | Yes |
| Becker | 7/1/2014 | 0.50% | No |
| Beltrami | 4/1/2014 | 0.50% | Yes |
| Benton | 10/1/2019 | 0.50% | No |
| Blue Earth | 4/1/2016 | 0.50% | No |
| Brown | 4/1/2016 | 0.50% | No |
| Carlton | 4/1/2015 | 0.50% | Yes |
| Carver | 10/1/2017 | 0.50% | Yes |
| Cass | 4/1/2016 | 0.50% | No |
| Chisago | 4/1/2016 | 0.50% | No |
| Cook | 1/1/2017 | 0.50% | No |
| Crow Wing | 4/1/2016 | 0.50% | No |
| Dakota* | 10/1/2017 | 0.25% | Yes |
| Dodge | 1/1/2019 | 0.50% | No |
| Douglas | 10/1/2014 | 0.50% | No |
| Fillmore | 1/1/2015 | 0.50% | No |
| Freeborn | 1/1/2016 | 0.50% | No |
| Goodhue | 1/1/2019 | 0.50% | Yes |
| Hennepin* | 10/1/2017 | 0.50% | Yes |
| Hubbard | 7/1/2015 | 0.50% | No |
| Isanti | 7/1/2019 | 0.50% | No |
| Kandiyohi | 4/1/2018 | 0.50% | Yes |
| Lake | 4/1/2017 | 0.50% | No |
| Lyon | 10/1/2015 | 0.50% | No |

Table 1
Counties Imposing a Transportation Sales and Use Tax

| | | | |
|-------------|-----------|-------|-----|
| Mille Lacs | 1/1/2017 | 0.50% | No |
| Morrison | 1/1/2018 | 0.50% | No |
| Mower | 1/1/2018 | 0.50% | No |
| Nicollet | 1/1/2018 | 0.50% | No |
| Olmsted** | 7/1/2017 | 0.50% | No |
| Ottertail | 1/1/2016 | 0.50% | Yes |
| Pine | 1/1/2017 | 0.50% | No |
| Polk | 1/1/2018 | 0.25% | No |
| Ramsey* | 10/1/2017 | 0.50% | Yes |
| Redwood | 4/1/2019 | 0.50% | No |
| Rice | 1/1/2014 | 0.50% | No |
| St. Louis | 4/1/2015 | 0.50% | Yes |
| Scott | 10/1/2015 | 0.50% | Yes |
| Sherburne | 1/1/2019 | 0.50% | No |
| Stearns | 1/1/2018 | 0.25% | No |
| Steele | 4/1/2015 | 0.50% | No |
| Todd | 1/1/2015 | 0.50% | No |
| Wabasha | 4/1/2016 | 0.50% | No |
| Wadena | 4/1/2014 | 0.50% | No |
| Waseca | 4/1/2019 | 0.50% | No |
| Washington* | 10/1/2017 | 0.25% | Yes |
| Winona | 1/1/2017 | 0.50% | No |
| Wright | 10/1/2017 | 0.50% | No |

Notes:

* One of the counties that was part of the now defunct Metropolitan Transportation Area.

** Olmsted County originally imposed a tax of 0.25% on 1/1/2014 under [Minnesota Statutes, section 469.46](#), to fund improvements related to the Destination Medical Center. The tax was increased to 0.50% in 2017 under the general law.

Other Local Sales Taxes

The following three tables show the general local sales taxes that have been authorized by the legislature for individual jurisdictions. These tables do not include the transportation taxes imposed under general law that are listed in Table 1. Table 2 contains the local sales taxes that are currently imposed. Table 3 lists the local sales taxes that were imposed but have expired. Table 4 lists the general local sales taxes that were authorized but never imposed or are currently authorized but not yet imposed.

More detailed information on the individual local sales taxes, listed in this information brief, including citations to the enabling and amending laws, is available on the sales tax area of our website at www.house.mn/hrd/hrd.aspx.

Table 2
Currently Imposed Local Sales Taxes

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|---------------------------------------|---|---|--|
| Duluth – 1973 | 1.0% until September 30, 2019 1.5% as of October 1, 2019 | City council approval Approved by voters at a 2017 general election | The tax may be used for any city purpose, as determined by the city council. No expiration date. In 2019, the city was granted authority to increase the tax by an additional 0.5%, based on voter approval at the city’s 2017 general election, to fund improvements as outlined in its 2017 Street Improvement Plan. The additional tax expires at the earlier of 25 years after imposition or when revenues are sufficient to fund the improvements. |
| Rochester – 1983 | 0.5% until December 31, 2015 0.75% as of January 1, 2016 | All but 1989 and 2013 extensions required voter approval at a general or special election | This tax has been renewed or extended six times, in 1989, 1992, 1998, 2005, 2011, and 2013. Initially enacted at 1.0% to raise \$16 million for a civic center and \$16 million for flood control; the rate was lowered to 0.5% in 1992. The 1998 extension allows the city to raise another \$76 million for various higher education, transportation, and sewer capital projects. The tax extension in the 2005 special legislative session allowed another \$40 million to be raised for a joint road project with Olmsted County. In 2011, the tax was extended again to fund an additional \$139.5 million in projects if approved by the voters at the 2012 general election. However, \$5 million of the new \$139.5 million must be shared with small cities surrounding Rochester for economic development purposes in those communities. In 2013, the city was granted authority to extend the tax to 2049 and/or increase the existing rate by one-quarter of 1.0% without a referendum to generate additional revenue to pay the city’s required match to get state aid to fund the Destination Medical Center (DMC) project. The city chose to increase the rate beginning January 1, 2016. |
| Minneapolis – 1986 | 0.5% | Approval of the city’s board of estimate and taxation, and after imposition of the local restaurant and lodging taxes | Fund construction and maintenance of the convention center. In 1992, the city was authorized to use excess proceeds for neighborhood early learning centers but the city has not done so. The tax expires when all bonds are paid off. In 2009, the use of the revenue was modified to allow the city to use revenues collected in excess of the convention center bond payments for other city purposes. For CY 2009 and 2010, the excess revenues could be used for any purpose. Beginning in CY 2011, the excess revenues could only be used to fund capital projects to further economic development. In 2012, the tax was extended to 2046 without a referendum to help fund the city’s share of a new football stadium. Beginning in 2021, when the current convention center bonds are paid off, the state will annually retain a portion of the city’s sales tax revenues to reimburse it for the city’s share of the stadium costs. |

Table 2
Currently Imposed Local Sales Taxes

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|---------------------------------------|--|--|--|
| | | | Excess revenue not needed to pay off the convention center bonds or the football stadium may be used to support a basketball arena as well as fund other economic development capital projects in the city. |
| Mankato – 1991 | 0.5% | Reverse referendum for initial approval invoked by petition of 10% of voters in the 1992 general election; the 2017 change was approved at the 2016 general election | To fund capital and operations of the Riverfront project, including a sports arena. In 1996 this was expanded to allow \$4.5 million for an airport project. The tax was extended again in the 2005 special legislative session to allow up to \$1.5 million annually to fund operating costs of the Riverfront facility based on approval by the voters at a general or special election. The tax was to expire no later than 2018. In 2008 the allowed uses of the tax were modified to exclude operating costs and include capital costs of an attached performing arts theatre and a women’s hockey exposition center used by Minnesota State University, Mankato. The expiration date was moved to December 31, 2022. A reverse referendum for these changes could have been invoked by a petition of 10% of the voters at the 2008 general election, but was not. In 2009, the requirement that the performing arts center and hockey center be attached to the Riverfront facility was removed. In 2017, the city was allowed to extend the tax to pay for up to an additional \$47 million in various recreational, transit, water, and other capital projects of regional significance. The tax will now expire at the earlier of (1) when revenues are sufficient to pay for the projects and associated bond costs, or (2) December 31, 2038. |
| St. Paul – 1993 | 0.5% | A city resolution passed before July 1, 1993, stating the intent to impose the tax | 40% must be used to fund capital costs of the civic center, which includes the hockey arena; the remainder may be used for other neighborhood projects. The allowed uses of the remaining 60% of the revenues have been modified over time, most recently in 2009. In 2013 the law was amended to allow any excess of the 40% amount not needed for the civic center and hockey arena to go into an economic development fund rather than neighborhood projects. This allows excess revenues to be used to fund a minor league ballpark. The tax was set to expire December 31, 2030, but the 2013 law extended it to December 31, 2042. |
| Hermantown – 1996 | 0.5% Changed to 1.0% on April 1, 2013 | Required voter approval at a general or special election for original; increase approved at 2012 general election; the 2017 extension was | The projects included water and sewer projects and a police/fire station. The tax expires at the later of ten years or when sufficient funds have been raised for the three projects. A 2008 provision added water system improvements to the list of approved projects. In 2011 the city was given authority to increase the tax by an additional 0.5% if approved at the 2012 general election because the original authority had been to impose up to a 1.0% tax and the revenues from the 0.5% tax |

Table 2
Currently Imposed Local Sales Taxes

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|---|--|---|--|
| | | approved at the 2016 general election | were insufficient to fund the authorized projects. In 2017, the city was allowed to use tax revenues to fund a city wellness center, and the expiration date was changed to the earlier of (1) when revenues are sufficient to fund the authorized projects, or (2) December 31, 2036. |
| Two Harbors – 1998 | 0.5% Changed to 1.0% on October 1, 2019 | Required voter approval at the 1998 general election | The projects included sewer separation, wastewater treatment, and harbor development projects. The tax expires when sufficient funds have been raised for the three projects. In 2019, the city was allowed to impose an additional 0.5% tax to fund another \$30 million of water and sewer infrastructure projects provided they are enumerated in a separate resolution (see page 3). This additional tax expires at the earlier of 25 years or when funds are sufficient to pay for the allowed projects. |
| Proctor – 1999 | 0.5% Changed to 1.0% on October 1, 2017 | Required voter approval at a special election held November 2, 1999 | Funded community center and transportation projects. Tax expires when sufficient funds to pay for up to \$3.6 million in bonds for the center have been raised. A 2008 provision allowed up to another \$7.2 million in capital projects in the areas of public utilities, sidewalks, bikeways and trails, and parks and recreation. In 2010 legislation was introduced to replace the two separate bond authorities of \$3.6 million and \$7.2 million with one authority for \$20 million, but the final provision signed into law replaced it with a combined authority of \$10 million. In 2017, the tax rate was allowed to increase to 1.0% but the amount allowed to be raised before the tax expires remains unchanged. |
| New Ulm – 1999 | 0.5% | Required voter approval at the 1999 general election; the 2017 change was approved at the 2016 general election | Funded a civic and community center project. Tax expires when sufficient funds to pay for up to \$9 million in bonds for the center have been raised. In 2017, the city was allowed to use the tax to pay for an additional \$14.8 million in bonds to fund a number of recreational facilities with the expiration of the tax delayed until revenues are sufficient to pay off these new bonds. |
| Central Minnesota Cities – 2002 (includes St. Cloud, Sauk Rapids, Sartell, St. Augusta, St. Joseph, and Waite Park) | 0.5% | Required voter approval at a general election in each city | Funded improvements of the St. Cloud airport and other capital projects in each city. The authorizing referenda in St. Joseph and Waite Park originally failed so the tax was not imposed in those cities, but in 2005, Waite Park was allowed to impose the tax based on a successful 2004 referendum. In 2005, the group of cities was allowed to replace this tax with an identical tax to fund a new regional library in St. Cloud and other capital projects in each city. Imposition required voter approval at a general election, which passed in all cities, including St. Joseph. The tax was to expire in 2018, however, during the 2013 legislative session, each city was granted authority to extend the tax until 2038, provided it was approved at a local |

**Table 2
Currently Imposed Local Sales Taxes**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|---|--|
| | | | referendum by November 7, 2017. The referendum authorizing the extension must list the additional projects to be funded. |
| Albert Lea – 2005 | 0.5% | Required voter approval at the 2006 general election, or a special election on November 8, 2005 | Fund a lake improvement project. Expires at the earlier of ten years or when \$15 million is raised. In 2014, the ten-year expiration date was extended to 15 years after the date imposed, because the annual revenues generated have been less than expected. In 2017, the 15-year termination date was extended to the earlier of 30 years or when \$30 million is raised. |
| Bemidji – 2005 | 0.5% | Based on voter approval at the 2002 general election | Fund park and trail improvements. Expires when revenues are raised to pay \$9.826 million in bonds. |
| Austin – 2006 | 0.5% | Voter approval at a general or special election before January 1, 2007 | Fund flood mitigation projects. Expires at the earlier of 20 years or when revenues are sufficient to pay \$14 million in bonds. Any excess revenue is deposited in the city general fund. |
| Baxter – 2006 | 0.5% | Based on voter approval at the 2004 general election | Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and a fire substation for Baxter. Expires at the earlier of 12 years or when revenues are sufficient to pay \$15 million in bonds. Any excess revenue is deposited in the city capital project fund. The tax was set to expire in early 2015, however in 2014 the law was modified to allow the city to extend the tax to December 31, 2037, to fund payment of up to an additional \$40 million in bonds if approved by voters at the 2014 general election. \$8 million of the additional spending must be used on improvements to the Brainerd Lakes Area Airport with the remainder available for sanitary and storm sewer projects and transportation safety improvements. |
| Brainerd – 2006 | 0.5% | Based on voter approval at the 2004 general election | Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and trail improvements. Expires at the earlier of 12 years or when revenues are sufficient to pay \$15 million in bonds. Any excess revenue is deposited in the city capital project fund. In 2014 the law was modified to allow the city to extend the tax for an additional 18 years and spend another \$15 million for water and wastewater infrastructure and trails if approved by voters at the 2014 general election. The extension was set to coincide with the extension authorized in the neighboring city of Baxter. |
| Hennepin County – 2006 | 0.15% | No voter approval required | Fund up to \$260 million in costs for a baseball stadium plus up to \$4 million annually (adjusted for inflation) to fund youth, youth sports, and county libraries. Expires |

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| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|---------------------------------------|------|---|---|
| | | | when the stadium bonds are paid off or when reserves from the tax are sufficient to pay the bonds. In 2011 the law was modified to include a definition of “sufficient reserves.” |
| Clearwater – 2008 | 0.5% | Based on voter approval at the 2006 general election | Fund the acquisition, construction, and improvement of a pedestrian bridge and land and buildings for a community recreation center. In 2011 the allowed uses were expanded to include park and recreation projects contained in the city’s adopted 2006 improvement plan. In 2013 the projects included in the 2006 improvement plan were explicitly listed in the law since the city had never formally adopted the 2006 plan. Expires at the later of 20 years after imposition or when revenues are sufficient to fund \$12 million in bonds. Any excess revenue is deposited in the city general fund. |
| Cook County – 2008 | 1.0% | Voter approval at a general or special election before December 31, 2009 | Fund the construction and improvements to a county community center and recreation area, including a skateboard park, hockey rink, ball fields, tennis courts, and associated improvements and the Grand Marais public library. Expires at the later of 20 years after imposition or when revenues are sufficient to fund \$14 million in bonds. Any excess revenue is deposited in the county general fund. In 2009 the authority to use revenues for a skateboard park, hockey rink, ball fields, and tennis courts was eliminated, and the use was expanded to include construction and improvement of a high-speed communication infrastructure network and a district energy plant for public facilities in Grand Marais. The bonding authority was increased from \$14 million to \$20 million. |
| North Mankato – 2008 | 0.5% | Based on voter approval at the 2006 general election; the 2017 change was approved at the 2016 general election | Fund up to \$6 million in capital costs for the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project, the Taylor library, regional parks and trails, riverfront development, and lake improvement projects. Expires when revenues are sufficient to fund the \$6 million in bonds plus associated bond costs. Any excess revenue is deposited in the city capital project fund. In 2017, the city was allowed to fund up to an additional \$9 million in bonds to fund regional athletic facilities with the tax terminating at the earlier of (1) when revenues are sufficient to fund the authorized projects, or (2) December 31, 2038. |
| Hutchinson – 2011 | 0.5% | Based on voter approval at the 2010 general election | Fund the costs of constructing the city’s water treatment facility and renovating the city’s wastewater treatment facility. Expires at the earlier of 18 years or when revenues are sufficient to pay for the projects and associated bond costs. Any excess revenue is deposited in the city general fund. |

**Table 2
Currently Imposed Local Sales Taxes**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|---|---|
| Lanesboro – 2011 | 0.5% | Based on voter approval at the 2010 general election | Fund up to \$800,000 in improvements to the local dam, city streets and utilities, and municipal buildings. Expires when revenues are sufficient to fund the projects plus associated bond costs. Any excess revenue is deposited in the city general fund. |
| Cloquet – 2011 | 0.5% | Voter approval at a general election | Fund up to \$16.5 million in park and specified infrastructure improvements. The tax expires at the earlier of 30 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs. |
| Marshall – 2011 | 0.5% | Voter approval at a general election within two years | Fund up to \$17.29 million in costs of an emergency response and industry training center and regional amateur sports center. The tax expires at the earlier of 15 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs. |
| Medford – 2011 | 0.5% | Voter approval at the 2012 general election | To repay up to \$4.2 million in loans from the Minnesota Public Facilities Authority to improve the city’s water and wastewater treatment facilities. The tax expires at the earlier of 20 years after imposition, or when revenues are sufficient to repay the loans. |
| Olmsted County – 2013 | 0.25% | Approval by the county board | To fund the county’s match required to fund public transit for the Destination Medical Center (DMC) project. A wheelage tax of \$10 per vehicle was also imposed. The taxes expire December 31, 2049, or earlier if sufficient revenues are collected to meet the county match. The county may use excess funds collected in any year, beyond what is needed to meet the DMC match, for other county transportation and transit projects. |
| East Grand Forks – 2017 | 1.0% | Approved at a special election held March 7, 2016 | Fund up to \$2.82 million in bonds to finance improvement to the city swimming pool. Expires at the earlier of 25 years after imposition or when the revenues are sufficient to pay the bonds. |
| Fairmont – 2017 | 0.5% | Approved at the 2016 general election | Fund up to \$15 million in various recreational projects including a community center and trails. Expires at the earlier of 25 years after imposition or when the revenues are sufficient to pay for the projects and associated bond costs. |
| Fergus Falls – 2017 | 0.5% | Approved at the 2016 general election | Fund up to \$9.8 million in bonds to expand and improve the public library. Expires at the earlier of 12 years after imposition or when the revenues are sufficient to pay the bonds. |
| Moose Lake – 2017 | 0.5% | Approved at the 2012 general election | Fund up to \$3 million in bonds for parks, street, and municipal arena improvements. Expires at the earlier of 20 years after imposition or when the revenues are sufficient to pay the bonds. |

**Table 2
Currently Imposed Local Sales Taxes**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|---|-------------|---------------------------------------|--|
| New London – 2017 | 0.5% | Approved at the 2016 general election | Fund up to \$872,000 of capital projects including construction of a library, community room, and ambulance bay, and improvements to a senior citizen center. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$872,000 plus the associated bond costs. |
| Spicer – 2017 | 0.5% | Approved at the 2016 general election | Fund \$800,000 in bonds to finance improvements for public safety, parks and trails, and community facilities. Expires at the earlier of ten years after imposition or when the revenues are equal to \$800,000 plus the associated bond costs. |
| Walker – 2017 | 1.5% | Approved at the 2012 general election | Fund up to \$20 million in bonds for street, gutter, and sidewalk projects. Expires at the earlier of 20 years after imposition or when the revenues are equal to the project costs plus the associated bond costs. |
| Clay County – 2017 | 0.5% | Approved at the 2016 general election | Fund up to \$52 million in bonds for a new correctional facility, law enforcement center, and associated parking. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$52 million plus the associated bond costs. |
| Garrison, Kathio, West Mille Lacs Lake Sanitary District – 2017 | 1.0% | Approved at the 2016 general election | Repay up to \$10 million in bonds and other debt related to the sewer service agreement between the district and ML Wastewater Inc., including sewer extension costs. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$10 million plus the associated bond costs. |
| Avon – 2019 | 0.5% | Approved at the 2018 general election | Fund up to \$1.5 million in transportation improvement projects. The city was required to enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of December 31, 2045, or when revenues are equal to \$1.5 million plus associated bond costs. |
| Blue Earth (city) – 2019 | 0.5% | Approved at the 2018 general election | Fund up to \$5 million in various sewer, street, and recreational improvement projects. The city was required to enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of 25 years after imposition or when revenues are equal to \$5 million plus associated bond costs. |
| Cambridge – 2019 | 0.5% | Approved at the 2018 general election | Fund up to \$8 million for a library and \$14 million for street improvement projects. The city was required to enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of December 31, 2043, or when revenues are equal to \$5 million plus associated bond costs. |
| Detroit Lakes – 2019 | 0.5% | Approved at the 2018 general election | Fund up to \$6.7 million for a new police facility. The tax terminates at the earlier of ten years after imposition or when revenues are equal to \$6.7 million plus associated bond costs. |

**Table 2
Currently Imposed Local Sales Taxes**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|---------------------------------------|---|
| Elk River – 2019 | 0.5% | Approved at the 2018 general election | Fund \$35 million for a number of enumerated park and recreational facilities, dredging Lake Orono, and building trail connections. The tax terminates at the earlier of 25 years after imposition or when revenues are equal to \$35 million plus associated bond costs. |
| Excelsior – 2019 | 0.5% | Approved at the 2014 general election | Fund \$7 million of improvements to the city commons included in the 2017 Commons Master Plan. The tax terminates at the earlier of 25 years after imposition or when revenues are equal to \$7 million plus associated bond costs. |
| International Falls – 2019 | 0.5% | Approved at the 2018 general election | Fund up to \$30 million of transportation and other infrastructure projects. The city was required to enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of 30 years after imposition or when revenues are equal to \$30 million plus associated bond costs. |
| Rogers – 2019 | 0.5% | Approved at the 2018 general election | Fund \$16.5 million of specified projects including trail and pedestrian projects; aquatic facilities, and various improvements at the South Community Park. The city is also imposing a \$20 motor vehicle excise tax for the same purpose. The taxes terminate at the earlier of 20 years after imposition or when revenues are equal to \$16.5 million plus associated bond costs. |
| Willmar – 2019 | 0.5% | Approved at the 2018 general election | Fund \$30 million of specified recreation and stormwater infrastructure projects. The city is also imposing a \$20 motor vehicle excise tax for the same purpose. The taxes terminate at the earlier of 13 years after imposition or when revenues are equal to \$30 million plus associated bond costs. |

**Table 3
Local Sales Taxes That Were Imposed But Have Expired**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|--|---|
| Cook County – 1993 | 1.0% | Required voter approval at a general or special election | Originally set to expire when \$4 million was raised for the Cook County hospital. Extended in 1997 to allow an additional \$2.2 million to be raised for the North Shore care center. Expired April 1, 2008. |

Table 3
Local Sales Taxes That Were Imposed But Have Expired

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|--|---|
| Willmar – 1997 | 0.5% | Required voter approval at the 1996 general election | Funded library improvements. Expired December 31, 2001, after \$4.5 million was raised. |
| Winona – 1998 | 0.5% | Required voter approval at the 1998 general election | Dredged Lake Winona. Expired December 31, 2001, after raising \$4.0 million. |
| Willmar – 2005 | 0.5% | Based on voter approval at the 2004 general election | Funded an airport, park and trails, and civic center improvement projects. Expired at the later of seven years or when revenues raised were sufficient to pay \$8 million in bonds. Any excess revenue is deposited in the city general fund. Expired December 31, 2012. |
| Worthington – 2005 | 0.5% | Voter approval by a general election held before December 31, 2009 | Funded a community center and renovations to the Memorial Auditorium. Originally expired at the earlier of ten years or when revenues raised were sufficient to pay \$6 million in bonds. In 2014 the city was granted authority to extend the tax through 2039 if revenues were used to pay for the city’s share of the local match needed to get state aid to fund the Lewis and Clark water project. In 2017, the city was allowed to extend the tax to fund an additional \$1.3 million in bonds, subject to a reverse referendum, to construct public athletic facilities. The tax expired September 30, 2018. |
| Owatonna – 2006 | 0.5% | Required voter approval at the 2006 general election | Funded transportation projects, regional parks and trails, a fire hall, and library improvements. Expired at the earlier of ten years or when revenues were sufficient to pay \$12.7 million in bonds. Expired June 30, 2011. |
| Fergus Falls – 2011 | 0.5% | Based on voter approval at the 2010 general election | Funded up to \$6 million in costs related to a community ice arena facility. Expired when revenues raises are sufficient to finance the facility and pay associated bond costs. Any excess revenue is deposited in the city general fund. Expired December 31, 2016. |

Table 4
Authorized Local Sales Taxes That Have Not Been Imposed

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|------|---|---|
| Bloomington – 1986 | 1.0% | City council approval | Mall of America site improvements. This tax was only authorized for sales at the Mall of America site. The city did not impose the tax before legislative authority was repealed in 1987. |
| Thief River Falls – 1992 | 0.5% | Voter approval at the 1992 general election | Tourism and convention facilities. Referendum not held and authority expired. |
| Ely – 1992 | 1.0% | Voter approval at the 1992 general election | Wilderness Gateway project. The imposition of the tax was defeated at the required referendum. |
| Garrison – 1993 | 0.5% | Voter approval at a general or special election | City sewer system project. The referendum was never held. This authority was repealed in 2014. |
| Detroit Lakes – 1998 | 0.5% | Voter approval at the 1998 general election | Community center. The imposition of the tax was defeated at the required referendum. |
| Fergus Falls – 1998 | 0.5% | Voter approval at the 1998 general election | Convention and recreational center. The imposition of the tax was defeated at the required referendum. |
| Owatonna – 1998 | 0.5% | Voter approval at the 1998 general election | Owatonna Economic Development 2000 project. The imposition of the tax was defeated at the required referendum. New authority was enacted in 2006 to fund a number of capital projects (see Table 1). |
| Hutchinson – 1998 | 0.5% | Voter approval at a 1998 general or special election | Civic center and recreational facilities. The imposition of the tax was defeated at the required referendum. |
| Bemidji – 1998 | 1.0% | Voter approval at the 1998 general election | Convention center. Referendum not held and the authority expired. In 2005 new authority was enacted to fund park and trail improvements (see Table 1). |
| Central Minnesota Cities – 1998 (includes St. Cloud, Sauk Rapids, Sartell, St. Joseph, and Waite Park) | 1.0% | Each city had to get voter approval at the 1999 general election | Central Minnesota Events Center and other regional infrastructure projects. The imposition of the tax was defeated at the required referendum in all cities except Sartell. New authority for a local sales tax in these cities was enacted in 2002 to fund airport and other improvements (see Table 1). |
| Winona – 2005 | 0.5% | Voter approval at a general election | Fund transportation projects. The imposition of the tax was defeated at the required referendum. |
| Winona – 2008 | 0.5% | Voter approval at a general or special election held before December 31, 2009 | Fund up to \$8 million in street improvements. The referendum was never held. |
| Luverne – 2014 | 0.5% | City council approval | Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund |

**Table 4
Authorized Local Sales Taxes That Have Not Been Imposed**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|---|--|
| | | | the city’s share of the local match may be used to fund other capital projects in the city. The city never filed the required approval with the secretary of state so the authority has lapsed. |
| Nobles County – 2014 | 0.5% | County board approval | Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county’s share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Worthington while the city’s current 0.5% sales tax is in effect. In 2015 the state fully financed the next stage of the water project so this tax never needed to be imposed. |
| Rock County – 2014 | 0.5% | County board approval | Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county’s share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Luverne, if that city chooses to impose a 0.5% sales tax to fund this project as well. In 2015 the state fully financed the next stage of the water project so this tax never needed to be imposed. |
| Bloomington – 2008 | 0.5% - 1.0% | City council must charter a special taxing district | The city of Bloomington is allowed to charter a special taxing district in the Mall of America area and impose a sales tax in the district to fund parking facilities and other public improvements related to the Mall of America Phase II. In 2010 the requirement that the rate be between 0.5% and 1.0% was modified to allow a rate below 0.5%. The tax has not yet been imposed and the authority has no expiration date. |
| Glenwood – 2019 | Up to 0.5% | Approved at the 2018 general election | Fund up to \$2.8 million in various local projects including roads, recreational facilities, and a city hall and police station. Before imposing the tax, the city must enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of 20 years after imposition or when revenues are equal to \$2.8 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| Perham – 2019 | Up to 0.5% | Approved at the 2018 general election | Fund up to \$5.2 million for the Perham Area Community Center project. The tax terminates at the earlier of 20 years after imposition or when revenues are equal to \$5.2 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| Sauk Centre – 2019 | Up to 0.5% | Approved at the 2018 general election | Also includes authority to impose a \$20 motor vehicle excise tax. Revenues will fund up to \$10 million for infrastructure projects related to the reconstruction of trunk highway 71. The tax terminates at the earlier of December 31, 2045, or when revenues are equal |

**Table 4
Authorized Local Sales Taxes That Have Not Been Imposed**

| Taxing Jurisdiction & Year Authorized | Rate | Approval Required | Use of Revenues/Other Comments |
|--|-------------|---------------------------------------|--|
| | | | to \$10 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| Scanlon – 2019 | Up to 0.5% | Approved at the 2018 general election | Fund up to \$400,000 for street and sewer improvements. The tax terminates at the earlier of ten years after imposition or when revenues are equal to \$400,000 plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| Virginia – 2019 | Up to 1.0% | Approved at the 2018 general election | Fund up to \$30 million for the Miners Memorial Recreational Complex and Convention Center project. The tax terminates at the earlier of 20 years after imposition or when revenues are equal to \$30 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| West St. Paul – 2019 | Up to 0.5% | Approved at the 2018 general election | Fund up to \$28 million for repair of specified transportation corridors and ancillary roads. The tax terminates at the earlier of 20 years after imposition or when revenues are equal to \$28 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |
| Worthington – 2019 | Up to 0.5% | Approved at the 2018 general election | Fund up to \$25 million in various recreational and amenity projects. Before imposing the tax, the city must enumerate the specific projects in a separate resolution (see page 3). The tax terminates at the earlier of 15 years after imposition or when revenues are equal to \$25 million plus associated bond costs. The tax was not imposed as of October 1, 2019. |

Appendix: Legislative History

General local sales tax rules codified in [Minnesota Statutes, section 297A.99](#)

In 1997, the sales tax advisory council—a group of legislators, administration staff, and representatives of the business community—recommended that the legislature adopt model statutory language for the imposition and administration of local sales taxes. The goal was to create consistency in the application of new and existing local taxes that would (1) ease the compliance costs for businesses located outside the taxing jurisdiction who were required to collect the local tax, and (2) simplify the Department of Revenue’s administration of these taxes.

The proposed local sales tax statute laying out these rules was enacted in the 1997 session.¹⁰ Language was added in 1998 and 1999 to incorporate some standards that the House and Senate tax committees had started to use in evaluating proposals for new local sales tax authority and to clarify some additional administration issues. Further changes were made during the 2003 session to make the law conform to the Streamlined Sales and Use Tax Agreement (SSUTA).¹¹ In 2019 the legislature made major modifications to both the process of seeking sales tax authority and to the types of projects to be funded from sales tax revenues. In addition it required some cities granted local sales tax authority in the 2019 session to go back and pass more detailed resolutions before imposing a tax.

Below is a timeline of major changes to this statute:

1997 – The first codified provision related to the administration of local sales taxes authorized under special law is enacted. All local sales taxes are required to use the state tax base, start and end on a calendar quarter, and be collected and administered by the commissioner of revenue, who may keep a portion of the revenue collected to cover administration costs. Outlines the treatment of sales in transit or transported out of the jurisdiction. ([Laws 1997, ch. 231](#), art. 7, §30; codified in [Minn. Stat. §297A.48](#))

1998 – Begins requiring local governments to pass a resolution prior to seeking local sales tax authority that contains information needed to draft the special law ([Laws 1998, ch. 389](#), art. 8, § 20)

1999 – Begins requiring voter approval of a local sales tax at a general election prior to imposition of a local sales tax and requires that the specific project to be funded with the tax

¹⁰ The original provisions were codified in Minnesota Statutes, section 297A.48, and were moved to [Minnesota Statutes, section 297A.99](#), in 2000, as part of a recodification of the sales tax chapter.

¹¹ The Streamlined Sales and Use Tax Agreement (SSUTA) is a voluntary agreement in which participating states simplify and standardize sales tax administration and definitions between states. Minnesota is a member—see [Minn. Stat. § 297A.995](#). Remaining in compliance allows the state to collect sales tax revenues from certain out-of-state businesses that it would otherwise not collect due to nexus requirements.

proceeds be designated at least 90 days before the general election. Also requires that zip codes be used to determine tax rate and requires that the lowest local rate within a zip code applies to sales in that area. ([Laws 1999, ch. 243](#), art. 4, §§ 12 and 13)

2000 – Moves the provisions from [Minnesota Statutes, section 297A.48](#) to section 297A.99 as part of a complete recodification of the general sales tax chapter ([Laws 2000, ch. 418](#), art. 1, § 42)

2001 – Requires that all local sales taxes be collected and administered by the commissioner of revenue by January 1, 2003 (Duluth was the only city collecting its own local tax). Requires the Department of Revenue to develop zip code and geo-based databases required under the Streamlined Sales and Use Tax Agreement to effectively administer local sales taxes. ([Laws 2001, 1st spec. sess., ch. 5](#), art. 12, §§ 82 and 83)

2003 – The remaining modifications regarding timing and administration of local sales taxes needed for the state to conform to the Streamlined Sales and Use Tax Agreement are adopted. ([Laws 2003, ch. 127](#), art. 1, §§ 28-30)

2005 – Allows the commissioner of revenue to bill a local government for repayment of any local tax refunds if the local tax has expired and the refund amount exceeds the amount of local tax that the state has not yet remitted to the local government. Also requires local governments to notify residents of local use tax obligations through their website and in mailings of public utility bills. ([Laws 2005, 1st spec. sess. ch. 3](#), art. 5, §§ 22 and 23)

2008 – Prohibited a political subdivision from advertising, promoting, expending funds, or holding a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to May 20, 2008. The prohibition was for the period from May 30, 2008, until May 31, 2010. ([Laws 2008, ch. 366](#), art. 7, § 7)

2011 – Permanently prohibited a political subdivision from using funds to promote a local sales tax but allowed them to expend funds for holding a referendum on the issue. Required a local government to get voter approval for a local sales tax at a general election *prior* to coming to the legislature to get local sales tax authority. ([Laws 2011, 1st spec. sess. ch. 7](#), art. 4, §§ 1 and 2)

2013 – Allows a political subdivision to spend funds to provide factual information related to a local sales tax and hold forums on imposition of a local sales tax provided that both proponents and opponents are given equal time. ([Laws 2013, ch. 143](#), art. 8, § 43)

2019 - Requires a local government to pass a more detailed resolution outlining and limiting the specific projects to be funded to no more than five and providing more project specific costs, and documentation of a project's regional significance by the end of January in the year in which a local sales tax authority is sought. Also requires that voter approval be sought only *after* the authority is granted and requires the voters to approve each project to be funded in a separate question in a general election. Only projects that are approved by the voters may be funded with the tax, and the tax authority will be adjusted down to reflect any project

referendum that fails. Also eliminated the provision allowing a local government to impose a separate tax on motor vehicles. ([Laws 2019, 1st spec. sess. ch. 6](#), art. 6, §§ 1-4)

Metropolitan Transportation Area sales tax codified in [Minnesota Statutes, section 297A.992](#)

The authority for the Metropolitan Transportation Area sales tax was enacted in 2008. It underwent minor modifications in 2009 and 2011. Anoka, Dakota, Hennepin, Ramsey, and Washington counties, by resolution of their county boards, joined the now defunct Metropolitan Transportation Area joint powers agreement. A 0.25 percent tax was imposed in the participating counties under the joint powers agreement. Carver and Scott counties, although eligible, did not join the agreement. Scott County chose to impose its own separate tax under the Greater Minnesota transportation sales and use tax authority.

The tax in a county did not expire unless the county withdrew from the joint powers agreement. The revenues raised were used for studies, property acquisition, capital projects, and operating assistance for transit projects.¹² The five counties making up the joint powers agreement that imposed this tax voluntarily terminated the agreement on September 30, 2017. The law was amended during the 2017 special session to facilitate the dissolution of the agreement and ensure payment of all outstanding debt. All of these counties now impose a local transportation tax under the Greater Minnesota transportation sales and use tax authority instead.



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¹² For more detailed information on the structure and operation of the board and use of the sales tax revenues, please consult the House Research Information Brief 2008 Transportation Finance Legislation: [Laws 2008, Chapter 152](#), pp. 22-24.