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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3647

02/21/2022 Authored by Swedzinski
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 taxation; local sales and use; removing the requirement that legislative
1.3 authority is granted prior to submitting the tax for approval by voters; amending
1.4 Minnesota Statutes 2020, section 297A.99, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

1.7 Subd. 3. ~~Legislative authority required before voter approval; Requirements for~~
1.8 ~~adoption, use, termination.~~ (a) ~~A political subdivision must receive legislative authority~~
1.9 ~~to impose a local sales tax before submitting the tax for approval by voters of the political~~
1.10 ~~subdivision.~~ Imposition of a local sales tax is subject to approval by voters of the political
1.11 subdivision at a general election. ~~The election must be conducted at a general election within~~
1.12 ~~the two-year period after the governing body of the political subdivision has received~~
1.13 ~~authority to impose the tax.~~ The election must be conducted before the governing body of
1.14 the political subdivision requests legislative approval of the tax. If the ~~authorizing legislation~~
1.15 ~~allows voters approve~~ the tax to be imposed for more than one project, there must be a
1.16 separate question approving the use of the tax revenue for each project. ~~Notwithstanding~~
1.17 ~~the authorizing legislation,~~ A project that is not approved by the voters may not be funded
1.18 with the local sales tax revenue and the termination date of the tax set in the authorizing
1.19 legislation must be reduced proportionately based on the share of that project's cost to the
1.20 total costs of all projects included in the authorizing legislation.

1.21 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
1.22 and rehabilitation costs and associated bonding costs related to the specific capital
1.23 improvement projects that were approved by the voters under paragraph (a).

2.1 (c) The tax must terminate after the revenues raised are sufficient to fund the projects
2.2 approved by the voters under paragraph (a).

2.3 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
2.4 the political subdivision is prohibited from imposing a local sales tax for a period of one
2.5 year.

2.6 ~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to~~
2.7 ~~seek authority for a local sales tax at the November 6, 2018, general election and is granted~~
2.8 ~~authority to impose a local sales tax before January 1, 2021, the tax may be imposed without~~
2.9 ~~an additional referendum provided that it meets the requirements of subdivision 2 and the~~
2.10 ~~list of specific projects contained in the resolution does not conflict with the projects listed~~
2.11 ~~in the approving referendum.~~

2.12 ~~(f)~~ (e) If a tax is terminated because sufficient revenues have been raised, any amount
2.13 of tax collected under subdivision 9, after sufficient revenues have been raised and before
2.14 the quarterly termination required under subdivision 12, paragraph (a), that is greater than
2.15 the average quarterly revenues collected over the immediately preceding 12 calendar months
2.16 must be retained by the commissioner for deposit in the general fund.

2.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.