

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2229

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DATE
03/22/2021

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; sales and use; modifying requirements for legislative approval
1.3 of local sales taxes; amending Minnesota Statutes 2020, section 297A.99,
1.4 subdivisions 1, 2.

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

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

1.7 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
1.8 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted
1.9 by special law, or (4) if the political subdivision enacted and imposed the tax before January
1.10 1, 1982, and its predecessor provision.

1.11 (b) This section governs the imposition of a general sales tax by the political subdivision.
1.12 The provisions of this section preempt the provisions of any special law:

1.13 (1) enacted before June 2, 1997, or

1.14 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
1.15 provision from this section's rules by reference.

1.16 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning
1.17 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
1.18 unless it is imposed under section 297A.993.

1.19 (d) A political subdivision may not advertise or expend funds for the promotion of a
1.20 referendum to support imposing a local sales tax ~~and~~.

1.21 (e) A political subdivision may only spend funds related to imposing a local sales tax
1.22 to:

2.1 (1) conduct the referendum;

2.2 (2) disseminate information included in the resolution adopted and submitted under
2.3 subdivision 2, any amended resolution allowed under subdivision 2, paragraph (d), or any
2.4 amended resolution adopted only to reflect authority enacted in special legislation that does
2.5 not allow funding for all projects listed in the submitted resolution, but only if the
2.6 disseminated information includes a list of specific projects and the cost of each individual
2.7 project;

2.8 (3) provide notice of, and conduct public forums at which proponents and opponents on
2.9 the merits of the referendum are given equal time to express their opinions on the merits of
2.10 the referendum;

2.11 (4) provide facts and data on the impact of the proposed local sales tax on consumer
2.12 purchases; and

2.13 (5) provide facts and data related to the individual programs and projects to be funded
2.14 with the local sales tax.

2.15 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
2.16 for approval after the day of final enactment.

2.17 Sec. 2. Minnesota Statutes 2020, section 297A.99, subdivision 2, is amended to read:

2.18 Subd. 2. **Local resolution before application for authority.** (a) Before the governing
2.19 body of a political subdivision requests legislative approval to impose a local sales tax
2.20 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
2.21 resolution must be adopted no more than 60 days before the date the political subdivision
2.22 submits the resolution and underlying documentation required under paragraph (b). The
2.23 resolution must include the following information:

2.24 (1) the proposed tax rate;

2.25 (2) a detailed description of no more than five capital projects that will be funded with
2.26 revenue from the tax;

2.27 (3) documentation of the regional significance of each project, including the share of
2.28 the economic benefit to or use of each project by persons residing, or businesses located,
2.29 outside of the jurisdiction;

2.30 (4) the amount of local sales tax revenue that would be used for each project and the
2.31 estimated time needed to raise that amount of revenue; and

3.1 (5) the total revenue that will be raised for all projects before the tax expires, and the
3.2 estimated length of time that the tax will be in effect if all proposed projects are funded.

3.3 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
3.4 submit the resolution in paragraph (a) along with underlying documentation indicating how
3.5 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
3.6 minority members of the legislative committees with jurisdiction over taxes no later than
3.7 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

3.8 (c) The special legislation granting local sales tax authority is not required to allow
3.9 funding for all projects listed in the resolution with the revenue from the local sales tax, but
3.10 must not include any projects not contained in the resolution.

3.11 (d) A political subdivision may not submit an amended resolution after January 31 of
3.12 the year in which the jurisdiction is seeking a special law authorizing the tax, except to do
3.13 any of the following:

3.14 (1) remove a project from the list of projects that will be funded with revenue from the
3.15 tax;

3.16 (2) reduce the amount that will be used for any project;

3.17 (3) reduce the total revenue raised for all projects before the tax expires;

3.18 (4) reduce the estimated length of time that the tax will be in effect if all proposed projects
3.19 are funded; and

3.20 (5) increase the amount that will be used for any project, increase the total revenue raised
3.21 for all projects before the tax expires, and increase the estimated length of time that the tax
3.22 will be in effect if all proposed projects are funded, but only if the political subdivision also
3.23 submits documentation that the amended resolution is based on new information not available
3.24 at the time the original resolution was submitted.

3.25 (e) For purposes of this section, a "capital project" or "project" includes:

3.26 (1) a single building or structure including associated infrastructure needed to safely
3.27 access or use the building or structure;

3.28 (2) improvements within a single park or named recreation area;

3.29 (3) a contiguous trail;

3.30 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway
3.31 provided that all segments of the roadway are listed, and includes city infrastructure beneath
3.32 the roadway provided the infrastructure is explicitly listed; or

4.1 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served
4.2 by the project that is specifically described in the resolution.

4.3 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
4.4 for approval after the day of final enactment.