



**LOCAL SALES AND USE TAX
Increased funding for projects**

March 29, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2549 (Xiong) As Proposed to be Amended (SCS2549A-1)

This bill modifies local sales and use authorization to provide temporary authority to increase funding for projects authorized in 2021. This is in response to inflation-related increases in construction costs for projects funded by local taxes governed under Minnesota Statutes, section 297A.99.

Political subdivisions that first received the authority to impose a local sales and use tax may elect any or all of the following modifications: increasing the aggregate amount authorized to finance projects up to an additional 25%, increasing the length of time the tax is imposed by up to 25% or extending the maturity date of any bonds issued related to funding the projects beyond the 30-year maturity requirement.

The governing body of a political subdivision must adopt a resolution indicating approval of the increases and submit the resolution to the state auditor no later than September 1, 2023, and they are not required to hold an additional referendum to approve the elections.

The bill would have no impact on state taxes.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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