

April 3, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2852 (Nelson) as proposed to be amended (scs2852a1)

A political subdivision can impose a sales tax under specific conditions, one of which is if permitted by a special law. Before requesting legislative approval to impose a local sales tax by special law, the governing body must adopt a resolution indicating its approval of the tax. The resolution must include various information including: the proposed tax rate, detailed descriptions of up to five capital projects that will be funded by the tax, documentation of the regional significance of each project, the amount of revenue used and timeline for each project, and the total revenue raised for all projects. The political subdivision must submit the resolution to the chairs and ranking members of the House and Senate Tax Committees. A political subdivision must receive legislative authority to impose a local sales tax before submitting to the voters for approval.

The bill would modify certain conditions governing the imposition of local sales taxes. The governing body of a political subdivision seeking legislative approval to impose or modify a local sales tax authorized by special law must adopt a resolution indicating its approval each year it requests legislative approval. The resolution could be adopted no more than 90 days prior to submitting information to the chairs and ranking members of the House and Senate Tax Committees. An amended resolution would need to be submitted if changes are made to the proposal. The ballot question submitted to the voters by the political subdivision must state the project or projects proposed to be funded with the tax, the amount for each project proposed to be funded with the tax, and the estimated length of time the tax will be in effect.

The bill would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>