

Summary of A-5 author's amendment to SF 375

The following changes are related to items other than equalization:

- **Lines 1.2-3.3** add an exemption for construction materials for projects approved by the voters and meeting the requirements set forth in section 6 of the bill.
- **Lines 3.4-3.10** clarify that a county may impose both the maximum local sales tax rate allowed (.5%) and the maximum county transportation sales tax rate (.5%). Counties that impose a local sales tax of more than .5% (outside of the county transportation local sales tax) are “grandfathered in” until that tax expires.
- **Line 3.14** removes the prevailing wage requirement for projects in the metro area.
- **Lines 3.15-3.18** clarify that a county may impose both the maximum local sales tax rate allowed under the new structure (.5%) and the maximum county transportation sales tax rate (.5%).
- **Line 4.25** deletes the repealer of the moratorium. The moratorium will remain in statute and will no longer be applicable as of June 1, 2025.

The changes below are related to equalization and address two main areas: 1) removing counties as contributors and as qualified recipients and 2) clarifying how contribution and distribution shares are allocated when a city is located in more than one county.

- **Lines 3.11-3.13** add a definition of “city” to Section 6 and re-letters paragraphs accordingly.
- **Lines 3.19-3.20** modify language to specify that the commissioner retains the contribution share from a political subdivision if that political subdivision is a city. This is necessary because under the A-5 amendment, only cities will be participating in equalization.
- **Line 3.21** deletes instances of “political subdivisions and inserts “city” in reference to the contribution share retained by the commissioner for equalization.
- **Lines 3.22-3.24** delete the definition of “city sharing pool” and insert a definition of “sharing pool.” Under SF 375 as introduced, there were separate definitions of “city sharing pool” and “county sharing pool” that are not necessary with the removal of counties from equalization participation under the A-5.
- **Line 3.25** deletes three instances of “political subdivision” and inserts “city.
- **Line 3.26** deletes the definition of “county sharing pool.”

- **Lines 3.27-3.28** delete the definition of “political subdivision.” Because equalization applies only to cities under this amendment, it is not necessary in this section to use the broader term “political subdivision” that refers to both cities and counties. The definition of “qualified recipient” is modified to delete language that distinguishes between cities and counties.
- **Line 3.29** deletes an instance of “political subdivision” and inserts “city.”
- **Lines 4.1-4.3** modify the definition of “qualified recipient” to reflect the removal of counties as qualified recipients. They also modify “qualified recipient” to address instances where a city is located in more than one county. For city that is not in a metropolitan county and that otherwise meets the requirements of “qualified recipients,” “at least partially” is added to specify that the city must be “located *at least partially* in a county outside of the metropolitan area where at least one city is included in the definition of contributor in the prior calendar year.”
- **Lines 4.4-4.8** add language to subd. 2, “Contribution share,” providing requirements for how the commissioner of revenue must allocate a contributor’s contribution share between sharing pools. A contributor will have sharing pools for each county that they are located in. The commissioner will distribute a contributor’s contribution share to each pool, proportionally to the contributor’s population in each county. This addresses instances where a contributor is a city that is located in more than one county.
- **Line 4.9** removes “implemented” and inserts “imposed” in order to use a term more specific and appropriate to taxation.
- **Lines 4.10-4.22** delete paragraph (b) of subd. 3 “Distribution share; requirements” and insert language that adds additional detail to the instructions for how the commissioner of revenue must distribute the contribution share among qualified recipients to account for instances when a qualified recipient is located in more than one county. For a sharing pool in a metropolitan county, the contributor’s sharing pool is distributed among all qualified recipients that are contiguous to the contributor, proportionally to the share of each qualified recipient’s population that resides in the sharing pool. For a sharing pool outside of a metropolitan county, the sharing pool is distributed among all qualified recipient’s located in the same county as the contributor’s sharing pool, proportionally to the share of each qualified recipient’s population that resides in the sharing pool’s county. Paragraph (c) specifies that a qualified recipient’s distribution is the sum of the distributions to that qualified recipient calculated under (b).
- **Lines 4.23-4.24** delete instances of “political subdivision’s” or “political subdivision” and inserts “city’s” or “city.”