INFORMATION BRIEF
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Local Sales Taxes in Minnesota

Local governments are generally prohibited by statute from imposing sales taxes. Nevertheless the legislature has authorized, through special legislation, a number of local sales taxes. These local taxes have differed significantly in their characteristics and administration. In 1997, the legislature adopted model statutory language regarding imposition and administration of new and existing local sales taxes. In 2008, counties were granted statutory authority to impose local sales taxes to fund transportation projects.

This information brief is divided into two sections—the first summarizes the codified rules for local sales taxes, and the second discusses the authorized local sales taxes and includes tables of local sales taxes authorized by special law. This brief only covers general local sales taxes; liquor, restaurant, lodging, and entertainment taxes are not included.

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Codified Local Sales Tax Rules

History

In 1997, the sales tax advisory council—a group of legislators, administration staff, and representatives of the business community—recommended that the legislature adopt model statutory language for the imposition and administration of local sales taxes. The goal was to create consistency in the application of new and existing local taxes that would (1) ease the compliance costs for businesses located outside the taxing jurisdiction who were required to collect the local tax, and (2) simplify the Department of Revenue's administration of these taxes.

The proposed local sales tax statute laying out these rules was enacted in the 1997 session.[1] Language was added in 1998 and 1999 to incorporate some standards that the House and Senate tax committees had started to use in evaluating proposals for new local sales tax authority and to clarify some additional administration issues. Further changes were made during the 2003 session to make the law conform to the Streamlined Sales and Use Tax Agreement (SSUTA).[2] Several additional minor modifications have been made since then and are explained in the summary below.

Local sales tax rules are codified in Minnesota Statutes, section 297A.99.

Summary of the Local Sales Tax Provisions

Local Taxes Subject to the Statutory Provisions

The statutory provisions apply to all local sales taxes authorized after June 2, 1997, unless the enabling legislation specifically exempts the local authority from all or part of this statute. Since January 1, 2000, the statutory provisions apply to and preempt any contrary provisions of all local sales taxes authorized before June 2, 1997. Minn. Stat. § 297A.99, subd. 1.

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[1] The original provisions were codified in Minnesota Statutes, section 297A.48, and were amended in 1998 and 1999. The amended provisions were moved to Minnesota Statutes, section 297A.99, in 2000, as part of a recodification of the sales tax chapter.

[2] The Streamlined Sales and Use Tax Agreement (SSUTA) is a voluntary agreement in which participating states simplify and standardize sales tax administration and definitions between states. Minnesota is a member—see Minnesota Statutes, section 297A.995. Remaining in compliance allows the state to collect sales tax revenues from certain out-of-state businesses that it would otherwise not collect due to nexus requirements.

Steps That a Political Subdivision Must Follow to Impose a Local Sales Tax

In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

1. The governing body of political subdivision must pass a resolution proposing the tax stating (at least) the:
    a. Proposed tax rate,
    b. Amount of revenue to be raised and its intended uses, and
    c. Anticipated date that the tax will expire.
2. The proposed tax, then, must be submitted to and passed by the majority of the voters at a general election held at least 90 days after the resolution was passed. The political subdivision may not expend money to advertise or promote the tax.
3. The political subdivision must request and get enacted a special law authorizing imposition of the tax.
4. The political subdivision must file local approval with the secretary of state.
5. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

A political subdivision must get special legislation authorizing the imposition of the sales tax. The statute requires that the governing body of the political subdivision pass a resolution indicating its desire to impose the tax prior to requesting the enabling legislation. The resolution must include information on the proposed tax rate, the amount of revenue to be raised and its intended use, and the anticipated date when the tax will expire. This resolution requirement was added during the 1998 session. Minn. Stat. § 297A.99, subd. 9a.

Since 1999, political subdivisions have been required to hold a local referendum at a general election[3] before imposing an authorized local sales tax. The revenue may only be used to fund specific capital improvements, which must be identified at least 90 days before the referendum. This codified existing practice, since most special legislation authorizing local taxes passed in recent years already imposed this requirement. However the 1999 law was ambiguous on the timing of the referendum—whether it should be held before or after the enabling legislation had passed. In 2011 the law was clarified to require the political subdivision to hold the referendum prior to coming to the legislature for authority to impose the tax. Minn. Stat. § 297A.99, subds. 2 and 3.

In 2008, a temporary prohibition was added to the law forbidding a political subdivision to "advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax" unless it was to extend or change an already authorized tax. The prohibition was until May

[3] A general election means either the state general election held on the first Tuesday after the first Monday in November of an even-numbered year, or a regularly scheduled election for local public officials for that political subdivision.

31, 2010, and the practical intent was to eliminate new local sales tax proposals coming before the legislature during the 2009 and 2010 legislative sessions. In 2011 the expired provision was replaced with a new limitation allowing political subdivisions to hold referenda to impose a local sales tax but still prohibiting them from advertising or spending funds to promote imposing the tax. In 2013, the provision was loosened to allow a political subdivision to also spend money to provide the public with certain facts about the proposed tax and to host public forums on the issue, provided proponents and opponents were given equal time to speak. Minn. Stat. § 297A.99, subd. 1, para. (d).

Determination of the Local Tax Rate

The local tax rate is set in the legislation authorizing the tax. The statute clarifies that the full local tax rate applies to all taxable sales. SSUTA allows lower rates to apply to certain items but all current local sales taxes have only one rate.[4] Minn. Stat. § 297A.99, subd. 5.

Definition of the Tax Base for the Local Tax

The statute provides that the local sales tax applies to the same tax base, with the same exemptions, as the state sales tax. A taxable service is subject to the local tax if more than one-half of the service, based on the cost, is performed within the local jurisdiction. Minn. Stat. § 297A.99, subds. 4 and 7. The following sales made within the local taxing jurisdiction are exempt from the local tax:

- Purchases shipped outside the taxing jurisdiction for use in a trade or business outside of the jurisdiction
- Purchases temporarily stored in the taxing jurisdiction before being shipped by common carrier for use outside of the jurisdiction
- Purchases that are subject to the direct pay provisions for interstate motor carriers under Minnesota Statutes, section 297A.90

Although the statute does not apply to or preempt a local sales tax on motor vehicles, a law passed in 2000 prohibits a local tax on motor vehicles greater than $20 per vehicle. Laws 2000, ch. 490, art. 8, § 21.

Requirements of a Complementary Use Tax

A complementary use tax[5] is required in all jurisdictions with a local sales tax. Four local taxes enacted before 1997 did not include a use tax; a local use tax was imposed in these political subdivisions beginning January 1, 2000.[6]

[4] The one-rate-per-taxing-jurisdiction requirement in SSUTA does not apply to the sale of the following items: electricity, gas, or other heating fuels delivered by the seller, or the transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

[5] The use tax is imposed on the consumption or "use" of taxable items for which no sales tax was paid. The tax is imposed mainly on purchases by resident buyers from sellers located outside of the local taxing jurisdiction.

The statute also allows a credit against the use tax owed for a local sales or use tax paid to another political subdivision. This is similar to the credit against state sales and use tax for the amount of sales taxes paid to another state.

In 2005, the law began requiring political subdivisions with a local sales and use tax to notify their citizens about the local use tax and provide information or electronic links to allow persons to get information and forms needed to pay the tax. The political subdivision must post the information on the main page of its website and provide an annual notice with the billing statement for any public utilities provided by the jurisdiction. Minn. Stat. § 297A.99, subds. 6, 8, and 12a.

Collection, Administration, and Enforcement of Local Taxes

The statute requires the Commissioner of Revenue to administer and collect local sales and use taxes. This merely codified preexisting practice. All local sales taxes, except for the tax imposed in the city of Duluth, have been administered and collected by the state. The city of Duluth, at its own request, was specifically exempted from the collection and administration provisions of the statute. However, the commissioner began collecting the Duluth tax January 1, 2006, because the SSUTA requires collection of all local and state sales taxes by one agency.

The local taxes are subject to the same penalties, interest, and enforcement provisions as the state sales tax. Refunds of excess state sales taxes paid must also include a refund of any excess local sales tax paid. The state deducts its collection and administration costs from the tax revenue returned to the local taxing jurisdiction. The net local tax revenue is paid to the local taxing jurisdiction on a quarterly basis. Minn. Stat. § 297A.99, subds. 9 and 11.

Imposing and Repealing Local Sales Tax

To facilitate state administration of local taxes, the imposition of a tax may only begin on the first day of a calendar quarter. Repeal of a local tax is only effective at the end of a calendar quarter. A local taxing jurisdiction must give the Department of Revenue at least 90 days' notice before a tax is imposed or repealed. The notice provision was amended in 2003 to include SSUTA requirements. The tax will only be effective after the commissioner has given sellers located in the area at least 60 days' notice and will apply to catalog or remote sales only after the commissioner has given these sellers 120 days' notice. The practical effect is that local taxing jurisdictions will have to give the commissioner more than 90 days' notice.

The statute was amended in 1999 to require a break between the repeal of an existing sales tax and the reimposition of a sales tax for another purpose. A new local sales tax must now expire after completion of the specified project, and the political subdivision must wait one year after the expiration before imposing a new tax for a different project. A number of political subdivisions in the past have had their sales taxes extended and the allowed uses of the tax

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The use tax removes the disadvantage to local businesses from competition with businesses located outside of the taxing area that are not required to collect the local sales tax.

[6] A complementary use tax was not originally authorized in Cook County and the cities of Hermantown, Mankato, and St. Paul.

proceeds expanded before the tax expired. Despite this requirement, extensions were granted to three existing taxes in 2005 without the one-year wait. In 2008 and 2009, four existing taxes were extended to allow funding of additional projects; Rochester was granted an additional extension in 2011, and three cities were granted extensions in 2014 before their taxes expired.[7] Minn. Stat. § 297A.99, subds. 3, para. (d), and 12.

Determining the Site of a Delivery for Local Tax Purposes

The 1999 Legislature added a provision dealing with the use of zip codes to determine whether a delivery sale is subject to a local sales and use tax. This was amended in 2003 to follow SSUTA requirements. Under the change, the lowest combined tax rate applies if a zip code area includes more than one tax rate. For example, if a zip code includes both a portion of Edina (with no local sales tax) and a portion of Minneapolis (with a half-cent local sales tax), the Minneapolis tax may not be collected. Nine-digit zip codes should be used, if available, to determine the tax rate. Minn. Stat. § 297A.99, subd. 10.

Special Authority for First-class Cities

Notwithstanding the requirement that sales tax revenues only fund the projects explicitly specified in the enabling legislation, the 2012 Legislature granted authority to cities of the first class (Minneapolis, St. Paul, Duluth, and Rochester) to also use the revenues to fund certain large capital projects of regional significance without additional voter approval. These cities may use revenues that exceed the amount needed to pay for the financing of the specified capital projects to help fund a sports facility, convention center, or civic center that has a construction cost of at least $40 million. Minn. Stat. § 297A.9905.[8]

Transportation Local Sales Taxes Authorized by Statute

In 2008, the legislature enacted two new statutes to allow counties to impose local sales taxes to help fund transportation. In the Twin Cities seven-county metropolitan area, a county may join the Metropolitan Transportation Area, which imposes a tax in the area to fund transit projects. The remaining 80 counties in the state, plus any metropolitan area county not joining the Metropolitan Transit Area may impose a tax singly or as part of a joint powers agreement to fund a specified transportation or transit project, or transit operations.

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[7] In 2005 Mankato, Rochester, and the Central Minnesota cities were allowed to extend their taxes without a one-year wait; however, the extensions still required voter approval. In 2008, Mankato, Hermantown, and Proctor were allowed tax extensions to fund additional projects, and in 2009 Cook County was allowed to extend its tax to fund two additional projects. In 2014 Albert Lea was allowed to extend its existing tax for an additional five years without voter approval and Baxter and Brainerd were authorized to extend their taxes without a break provided they were approved by the voters at the 2014 general election.

[8] This authority was granted in the bill authorizing the use of the Minneapolis sales tax to fund a portion of the Vikings football stadium. The city of St. Paul is helping to finance a minor league baseball stadium from its existing tax.

Metropolitan Transportation Area Sales Tax

Anoka, Dakota, Hennepin, Ramsey, and Washington counties, by resolution of their county boards, joined the Metropolitan Transportation Area joint powers agreement. Carver and Scott counties, although eligible, did not join the agreement.

A 0.25 percent local sales tax is imposed in the counties that are part of the joint powers agreement. The tax does not expire unless the county withdraws from the joint powers agreement. The revenues raised must be used for studies, property acquisition, capital projects, and operating assistance for transit projects.[9] Minn. Stat. § 297A.992.

Greater Minnesota Transportation Sales and Use Tax

Any county that is not part of the Metropolitan Transportation Area may singly or through a joint powers agreement, impose a local sales and use tax of up to one-half of 1 percent and a $20 excise tax on commercial sales of motor vehicles to fund a transportation or transit project. In order to impose the tax, the county or counties must specify a project to be funded by the proceeds. Originally the tax had to be approved by the voters at a general election, but in 2013 this was changed to only require a county resolution to impose the tax. In 2013 the use of the tax was also expanded to allow it to pay for transit capital and operating costs and capital costs for a safe routes to school program, as well as specified transportation capital projects. Except in the cases where the tax is funding transit operating costs, the tax expires when the specific project is completed. As of July 1, 2014, four counties—Becker, Beltrami, Rice and Wadena—will be imposing a tax under this authority.[10] Minn. Stat. § 297A.993.

Other Local Sales Taxes

The following four tables show the general local sales taxes that have been authorized by the legislature for individual jurisdictions. *These tables do not include the transportation taxes imposed under general law.* Table 1 contains the local sales taxes that are currently imposed. Table 2 lists the local sales taxes that were imposed but have expired. Table 3 lists the general local sales taxes that were authorized but never imposed. Table 4 lists taxes currently not imposed but still authorized.

More detailed information on the individual local sales taxes, listed in this information brief, including citations to the enabling and amending laws, is available on the sales tax area of our website at www.house.mn/hrd/hrd.aspx.

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[9] For more detailed information on the structure and operation of the board and use of the sales tax revenues, please consult the House Research Information Brief *2008 Transportation Finance Legislation: Laws 2008, Chapter 152*, pp. 22-24.

[10] Beltrami County is the only one of the four counties imposing the $20 excise tax on commercial sales of motor vehicles. Olmsted County also imposes a 0.25 percent transit tax, however, it is imposed under another statute to fund improvements related to the Destination Medical Center in Rochester.

Table 1

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	**Rate**	**Approval required**	**Use of Revenues/Other Comments**
Duluth – 1973	1.0%	City council approval	The tax may be used for any city purpose, as determined by the city council. No expiration date.
Rochester – 1983	0.5%	All but 1989 and 2013 extensions required voter approval at a general or special election	This tax has been renewed or extended six times, in 1989, 1992, 1998, 2005, 2011, and 2013. Initially enacted at 1.0% to raise $16 million for a civic center and $16 million for flood control; the rate was lowered to 0.5% in 1992. The 1998 extension allows the city to raise another $76 million for various higher education, transportation, and sewer capital projects. The tax extension in the 2005 special legislative session allowed another $40 million to be raised for a joint road project with Olmsted County. In 2011 the tax was extended again to fund an additional $139.5 million in projects if approved by the voters at the 2012 general election. However, $5 million of the new $139.5 million must be shared with small cities surrounding Rochester for economic development purposes in those communities. In 2013 the city was granted authority to extend the tax to 2049 without a referendum to generate additional revenue to pay the city's required match to get state aid to fund the Destination Medical Center (DMC) project.
Minneapolis – 1986	0.5%	Approval of the city's board of estimate and taxation, and after imposition of the local restaurant and lodging taxes	Fund construction and maintenance of the convention center. In 1992 the city was authorized to use excess proceeds for neighborhood early learning centers but the city has not done so. The tax expires when all bonds are paid off. In 2009, the use of the revenue was modified to allow the city to use revenues collected in excess of the convention center bond payments for other city purposes. For CY 2009 and 2010, the excess revenues could be used for any purpose. Beginning in CY 2011, the excess revenues could only be used to fund capital projects to further economic development. In 2012, the tax was extended to 2046 without a referendum to help fund the city's share of a new football stadium. Beginning in 2021, when the current convention center bonds are paid off, the state will annually retain a portion of the city's sales tax revenues to reimburse it for the city's share of the stadium costs. Excess revenue not needed to pay off the convention center bonds or the football stadium may be used to support a basketball arena as well as fund other economic development capital projects in the city.
Mankato – 1991	0.5%	Reverse referendum for initial approval invoked by petition of 10% of voters in the 1992 general election	To fund capital and operations of the Riverfront project, including a sports arena. In 1996 this was expanded to allow $4.5 million for an airport project. The tax was extended again in the 2005 special legislative session to allow up to $1.5 million annually to fund operating costs of the Riverfront facility based on approval by the voters at a general or special election. The tax was to expire no later than 2018. In 2008 the allowed uses of the tax were modified to exclude operating costs and include capital costs of an attached performing arts theatre and a women's hockey exposition center used by Minnesota State University, Mankato. The expiration date was moved to December 31, 2022. A reverse referendum for these changes could have been invoked by a petition of 10% of the voters at the 2008 general election. In 2009, the requirement that the performing arts center and hockey center be attached to the Riverfront facility was removed.

Table 1, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
St. Paul – 1993	0.5%	A city resolution passed before July 1, 1993, stating the intent to impose the tax	40% must be used to fund capital costs of the civic center, which includes the hockey arena; the remainder may be used for other neighborhood projects. The allowed uses of the remaining 60% of the revenues have been modified over time, most recently in 2009. In 2013 the law was amended to allow any excess of the 40% amount not needed for the civic center and hockey arena to go into an economic development fund rather than neighborhood projects. This allows excess revenues to be used to fund a minor league ballpark. The tax was set to expire December 31, 2030, but the 2013 law extended it to December 31, 2042.
Hermantown – 1996	0.5%, changed to 1.0% on April 1, 2013	Required voter approval at a general or special election for original; increase approved at 2012 general election	The projects included water and sewer projects and a police/fire station. The tax expires at the later of ten years or when sufficient funds have been raised for the three projects. A 2008 provision added water system improvements to the list of approved projects. In 2011 the city was given authority to increase the tax by an additional 0.5% if approved at the 2012 general election because the original authority had been to impose *up to* a 1.0% tax and the revenues from the 0.5% tax were insufficient to fund the authorized projects.
Two Harbors – 1998	0.5%	Required voter approval at the 1998 general election	The projects included sewer separation, wastewater treatment, and harbor development projects. The tax expires when sufficient funds have been raised for the three projects.
Proctor – 1999	0.5%	Required voter approval at a special election held November 2, 1999	Funded community center and transportation projects. Tax expires when sufficient funds to pay for up to $3.6 million in bonds for the center have been raised. A 2008 provision allowed up to another $7.2 million in capital projects in the areas of public utilities, sidewalks, bikeways and trails, and parks and recreation. In 2010 legislation was introduced to replace the two separate bond authorities of $3.6 million and $7.2 million with one authority for $20 million, but the final provision signed into law replaced it with a combined authority of $10 million.
New Ulm – 1999	0.5%	Required voter approval at the 1999 general election	Funded a civic and community center project. Tax expires when sufficient funds to pay for up to $9 million in bonds for the center have been raised.
Central Minnesota Cities – 2002 (includes St. Cloud, Sauk Rapids, Sartell, St. Augusta, St. Joseph, and Waite Park)	0.5%	Required voter approval at a general election in each city	Funded improvements of the St. Cloud airport and other capital projects in each city. The authorizing referenda in St. Joseph and Waite Park originally failed so the tax was not imposed in those cities, but in 2005, Waite Park was allowed to impose the tax based on a successful 2004 referendum. In 2005, the group of cities was allowed to replace this tax with an identical tax to fund a new regional library in St. Cloud and other capital projects in each city. Imposition required voter approval at a general election, which passed in all cities, including St. Joseph. The tax was to expire in 2018, however, during the 2013 legislative session, each city was granted authority to extend the tax until 2038, provided it was approved at a local referendum by November 7, 2017. The referendum authorizing the extension must list the additional projects to be funded.

Table 1, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Albert Lea – 2005	0.5%	Required voter approval at the 2006 general election, or a special election on November 8, 2005	Fund a lake improvement project. Expires at the earlier of ten years or when $15 million is raised. In 2014, the ten-year expiration date was extended to 15 years after the date imposed, because the annual revenues generated have been less than expected.
Bemidji – 2005	0.5%	Based on voter approval at the 2002 general election	Fund park and trail improvements. Expires when revenues are raised to pay $9.826 million in bonds.
Worthington – 2005	0.5%	Voter approval by a general election held before December 31, 2009	Fund construction of a community center and renovations to the Memorial Auditorium. Expires at the earlier of ten years or when revenues raised are sufficient to pay $6 million in bonds. The original law required that the authorizing referendum to impose the tax be held at the 2006 general election but this was changed during the 2006 session to allow the referendum to be held at a later date. In 2014 the city was granted authority to extend the tax through 2039 without voter approval, provided that it uses additional revenue to pay for the city's share of the local match needed to get state aid to fund the Lewis and Clark water project.
Austin – 2006	0.5 %	Voter approval at a general or special election before January 1, 2007	Fund flood mitigation projects. Expires at the earlier of 20 years or when revenues are sufficient to pay $14 million in bonds. Any excess revenue is deposited in the city general fund.
Baxter – 2006	0.5 %	Based on voter approval at the 2004 general election	Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and a fire substation for Baxter. Expires at the earlier of 12 years or when revenues are sufficient to pay $15 million in bonds. Any excess revenue is deposited in the city capital project fund. The tax was set to expire in early 2015, however in 2014 the law was modified to allow the city to extend the tax to December 31, 2037, to fund payment of up to an additional $40 million in bonds if approved by voters at the 2014 general election. $8 million of the additional spending must be used on improvements to the Brainerd Lakes Area Airport with the remainder available for sanitary and storm sewer projects and transportation safety improvements.
Brainerd – 2006	0.5%	Based on voter approval at the 2004 general election	Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and trail improvements. Expires at the earlier of 12 years or when revenues are sufficient to pay $15 million in bonds. Any excess revenue is deposited in the city capital project fund. In 2014 the law was modified to allow the city to extend the tax for an additional 18 years and spend another $15 million for water and wastewater infrastructure and trails if approved by voters at the 2014 general election. The extension was set to coincide with the extension authorized in the neighboring city of Baxter.

Table 1, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Hennepin County – 2006	0.15%	No voter approval required	Fund up to $260 million in costs for a baseball stadium plus up to $4 million annually (adjusted for inflation) to fund youth, youth sports, and county libraries. Expires when the stadium bonds are paid off or when reserves from the tax are sufficient to pay the bonds. In 2011 the law was modified to include a definition of “sufficient reserves.”
Clearwater – 2008	0.5%	Based on voter approval at the 2006 general election	Fund the acquisition, construction, and improvement of a pedestrian bridge and land and buildings for a community recreation center. In 2011 the allowed uses were expanded to include park and recreation projects contained in the city’s adopted 2006 improvement plan. In 2013 the projects included in the 2006 improvement plan were explicitly listed in the law since the city had never formally adopted the 2006 plan. Expires at the later of 20 years after imposition or when revenues are sufficient to fund $12 million in bonds. Any excess revenue is deposited in the city general fund.
Cook County – 2008	1.0%	Voter approval at a general or special election before December 31, 2009	Fund the construction and improvements to a county community center and recreation area, including a skateboard park, hockey rink, ball fields, tennis courts, and associated improvements and the Grand Marais public library . Expires at the later of 20 years after imposition or when revenues are sufficient to fund $14 million in bonds. Any excess revenue is deposited in the county general fund. In 2009 the authority to use revenues for a skateboard park, hockey rink, ball fields, and tennis courts was eliminated, and the use was expanded to include construction and improvement of a high-speed communication infrastructure network and a district energy plant for public facilities in Grand Marais. The bonding authority was increased from $14 million to $20 million.
North Mankato – 2008	0.5%	Based on voter approval at the 2006 general election	Fund up to $6 million in capital costs for the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project, the Taylor library, regional parks and trails, riverfront development, and lake improvement projects. Expires when revenues are sufficient to fund the $6 million in bonds plus associated bond costs. Any excess revenue is deposited in the city capital project fund.
Fergus Falls – 2011	0.5%	Based on voter approval at the 2010 general election	Fund up to $6 million in costs related to a community ice arena facility. Expires when revenues raises are sufficient to finance the facility and pay associated bond costs. Any excess revenue is deposited in the city general fund.
Hutchinson – 2011	0.5%	Based on voter approval at the 2010 general election	Fund the costs of constructing the city’s water treatment facility and renovating the city’s wastewater treatment facility. Expires at the earlier of 18 years or when revenues are sufficient to pay for the projects and associated bond costs. Any excess revenue is deposited in the city general fund.
Lanesboro – 2011	0.5%	Based on voter approval at the 2010 general election	Fund up to $800,000 in improvements to the local dam, city streets and utilities, and municipal buildings. Expires when revenues are sufficient to fund the projects plus associated bond costs. Any excess revenue is deposited in the city general fund.

Table 1, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	**Rate**	**Approval required**	**Use of Revenues/Other Comments**
Cloquet – 2011	0.5 %	Voter approval at a general election	Fund up to $16.5 million in park and specified infrastructure improvements. The tax expires at the earlier of 30 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs.
Marshall – 2011	0.5%	Voter approval at a general election within two years	Fund up to $17.29 million in costs of an emergency response and industry training center and regional amateur sports center. The tax expires at the earlier of 15 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs.
Medford – 2011	0.5%	Voter approval at the 2012 general election	To repay up to $4.2 million in loans from the Minnesota Public Facilities Authority to improve the city's water and wastewater treatment facilities. The tax expires at the earlier of 20 years after imposition, or when revenues are sufficient to repay the loans.
Olmstead County – 2013	0.25%	Approval by the county board	To fund the county's match required to fund public transit for the Destination Medical Center (DMC) project. A wheelage tax of $10 per vehicle was also imposed. The taxes expire December 31, 2049, or earlier if sufficient revenues are collected to meet the county match. The county may use excess funds collected in any year, beyond what is needed to meet the DMC match, for other county transportation and transit projects.

Table 2

Local Sales Taxes That Were Imposed But Have Expired

Taxing Jurisdiction & Year Authorized	**Rate**	**Approval required**	**Use of Revenues/Other Comments**
Cook County – 1993	1.0%	Required voter approval at a general or special election	Originally set to expire when $4 million was raised for the Cook County hospital. Extended in 1997 to allow an additional $2.2 million to be raised for the North Shore care center. Expired April 1, 2008.
Willmar – 1997	0.5%	Required voter approval at the 1996 general election	Funded library improvements. Expired December 31, 2001, after $4.5 million was raised.
Winona – 1998	0.5%	Required voter approval at the 1998 general election	Dredged Lake Winona. Expired December 31, 2001, after raising $4.0 million.
Willmar – 2005	0.5%	Based on voter approval at the 2004 general election	Funded an airport, park and trails, and civic center improvement projects. Expired at the later of seven years or when revenues raised are sufficient to pay $8 million in bonds. Any excess revenue is deposited in the city general fund. Expired December 31, 2012.
Owatonna – 2006	0.5 %	Required voter approval at the 2006 general election	Funded transportation projects, regional parks and trails, a fire hall, and library improvements. Expired at the earlier of ten years or when revenues are sufficient to pay $12.7 million in bonds. Expired June 30, 2011.

Table 3

Authorized Local Sales Taxes That Were Never Imposed

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Bloomington – 1986	1.0%	City council approval	Mall of America site improvements. **This tax was only authorized for sales at the Mall of America site.** The city did not impose the tax before legislative authority was repealed in 1987.
Thief River Falls – 1992	0.5%	Voter approval at the 1992 general election	Tourism and convention facilities. Referendum not held and authority expired.
Ely – 1992	1.0%	Voter approval at the 1992 general election	Wilderness Gateway project. The imposition of the tax was defeated at the required referendum.
Garrison – 1993	0.5%	Voter approval at a general or special election	City sewer system project. The referendum was never held. This authority was finally repealed in 2014.
Detroit Lakes – 1998	0.5%	Voter approval at the 1998 general election	Community center. The imposition of the tax was defeated at the required referendum.
Fergus Falls – 1998	0.5%	Voter approval at the 1998 general election	Convention and recreational center. The imposition of the tax was defeated at the required referendum.
Owatonna – 1998	0.5%	Voter approval at the 1998 general election	Owatonna Economic Development 2000 project. The imposition of the tax was defeated at the required referendum. New authority was enacted in 2006 to fund a number of capital projects (see Table 1).
Hutchinson – 1998	0.5%	Voter approval at a 1998 general or special election	Civic center and recreational facilities. The imposition of the tax was defeated at the required referendum.
Bemidji – 1998	1.0%	Voter approval at the 1998 general election	Convention center. Referendum not held and the authority expired. In 2005 new authority was enacted to fund park and trail improvements (see Table 1).
Central Minnesota Cities – 1998 (includes St. Cloud, Sauk Rapids, Sartell, St. Joseph, and Waite Park)	1.0%	Each city had to get voter approval at the 1999 general election	Central Minnesota Events Center and other regional infrastructure projects. The imposition of the tax was defeated at the required referendum in all cities except Sartell. New authority for a local sales tax in these cities was enacted in 2002 to fund airport and other improvements (see Table 1).
Winona – 2005	0.5%	Voter approval at a general election	Fund transportation projects. The imposition of the tax was defeated at the required referendum.
Winona – 2008	0.5%	Voter approval at a general or special election held before December 31, 2009	Fund up to $8 million in street improvements. The referendum was never held.

Table 4

Local Sales Taxes Authorized But Not Yet Imposed

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/ Other Comments
Bloomington – 2008	0.5% – 1.0%	City council must charter a special taxing district	The city of Bloomington is allowed to charter a special taxing district in the Mall of America area and impose a sales tax in the district to fund parking facilities and other public improvements related to the Mall of America Phase II. In 2010 the requirement that the rate be between 0.5% and 1.0% was modified to allow a rate below 0.5%. The tax has not yet been imposed and the authority has no expiration date.
Rochester – 2013	0.25% (additional)	City council approval	The city of Rochester may approve a 0.25% general sales tax increase in addition to its current 0.5% rate. Funds would be used for public infrastructure costs for the development of the Destination Medical Center (DMC). The city may impose this additional tax instead of or in addition to extending its existing tax.
Luverne – 2014	0.5%	City council approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the city's share of the local match may be used to fund other capital projects in the city.
Nobles County – 2014	0.5%	County board approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county's share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Worthington while the city's current 0.5% sales tax is in effect.
Rock County – 2014	0.5%	County board approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county's share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Luverne, if that city chooses to impose a 0.5% sales tax to fund this project as well.