



Steps for Imposing a General Local Sales Tax

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[Minnesota Statutes, section 297A.99](#), requires a political subdivision seeking to either impose a new general local sales tax, or make changes to an existing general local sales tax, to obtain legislative approval through enactment of a special law. This overview explains the steps the political subdivision must take to acquire legislative approval (steps 1 to 3), as well as steps to take once a special law is enacted (steps 4 to 6).¹

Step 1: Pass a resolution

The governing body of a political subdivision must pass a resolution proposing the tax including the:

- proposed rate;
- detailed description of the projects to be funded (no more than five);²
- documentation of the regional significance of each project, including the benefits to nonlocal persons and businesses;
- amount of revenue to be raised for each project;
- estimated amount of time to raise the amount needed for each project; and
- anticipated expiration date for the tax.

Step 2: Submit resolution to legislative committees

The political subdivision must submit the passed resolution and documentation on regional significance of each project to the chairs and ranking minority members of the House and Senate Tax Committees by January 31 of the year it seeks the special law.

Step 3: Obtain legislative approval through an enacted special law

The political subdivision must work with a legislator to draft and sponsor a bill authorizing imposition of a new tax or changes to an existing tax. The bill must then be passed by both the House and Senate and signed into law by the governor.

Step 4: File local approval with the Secretary of State

Once enacted, a special law authorizing a local sales tax is not fully effective until the political subdivision files local approval with the Office of the Secretary of State before the start of the next regular legislative session after the session in which the law is enacted.³

¹ Steps 1 to 3 must be taken each year a special law is sought, even if completed in years prior.

² In 2021, the legislature limited the types of projects that may be funded using a local sales tax to include: a single building or structure, improvements to a single park or recreational area, or a contiguous trail.

³ [Minn. Stat. § 645.021](#).

Step 5: Hold a local referendum

Before the political subdivision can impose the newly authorized tax, it must receive approval by a majority of voters within its jurisdiction at a general election held within two years of receiving the tax authority from the legislature. The voters must approve the tax and each project authorized by the special law.

If a political subdivision is authorized to fund multiple projects with the tax, then each project must be separately stated as a question on the ballot. Only projects that are approved by the voters may be funded by the tax. If a project is not approved, then the length of time the tax is to be imposed is reduced to reflect the amount of time needed to raise the revenue to fund only the approved projects.

The political subdivision may not spend money to promote the passage of the tax. It may only spend money to (1) disseminate information from the approved resolution, (2) hold public forums on the issue, (3) provide facts on the proposed projects and the impact of the proposed tax, and (4) conduct the referendum.

Step 6: Issue an ordinance

The political subdivision must pass an ordinance imposing the tax and notify the Department of Revenue at least 90 days before the first day of the calendar quarter during which the tax is to be imposed.



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