

A bill for an act
relating to local sales tax; requesting Department of Revenue to report on use of
zip codes in collecting local sales taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **REPORT ON THE USE OF ZIP CODES IN COLLECTING AND
REMITTING LOCAL SALES TAXES.**

Subdivision 1. Report to the legislature. By March 1, 2012, the commissioner
of revenue shall provide a report to the chairs and ranking minority members of the
legislative committees with jurisdiction over local sales taxes reporting on the current use
of zip codes for the purposes of collecting and remitting local sales taxes, problems with
the current system, and suggestions for improvements.

Subd. 2. Contents of the report. The report shall include the following information:

(1) the current status of the department's development of a system that allows
vendors to identify the correct local sales tax based on a street address and the five-digit
zip code, as described in Minnesota Statutes, section 297A.99, subdivision 10, including a
list of cities and townships that impose a local sales tax or do not impose a local sales tax
but share a zip code with a jurisdiction in which a local sales tax is imposed for which the
system has not been developed;

(2) a priority list and timeline for developing the required system outlined in
Minnesota Statutes, section 297A.99, subdivision 10, for the cities and townships
identified in clause (1);

(3) the compliance by businesses with the requirement in Minnesota Statutes, section
297A.99, subdivision 10, that the tax be collected on the lowest combined rate within the
zip code for cities and townships identified in clause (1);

H.F. No. 909, as introduced - 87th Legislative Session (2011-2012) [11-2363]

2.1 (4) the accuracy of the crediting and remittance of local sales taxes to the appropriate
2.2 taxing jurisdiction when two contiguous cities with different local sales tax authority
2.3 share a zip code; and

2.4 (5) recommendations for administrative or statutory changes to improve the accurate
2.5 collection and allocation of local sales tax revenues collected by the Department of
2.6 Revenue.

2.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.