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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2235

02/13/2012 Authored by Davids

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to the city of Minneapolis; providing a termination date for certain local
1.3 taxes; amending Laws 1986, chapter 396, sections 4, subdivision 1; 5.

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

1.5 Section 1. Laws 1986, chapter 396, section 4, subdivision 1, is amended to read:

1.6 Subdivision 1. **Imposition.** (a) Notwithstanding Minnesota Statutes, section
1.7 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval
1.8 by the city's board of estimate and taxation by a vote of at least five members, the city of
1.9 Minneapolis may by ordinance impose an additional sales tax of up to one-half of one
1.10 percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within
1.11 the city, and may also by ordinance impose an additional compensating use tax of up to
1.12 one-half of one percent on uses of property within the city, the sale of which would be
1.13 subject to the additional sales tax but for the fact such property was sold outside the city.
1.14 The tax may not be imposed on gross receipts from sales of intoxicating liquor that are
1.15 exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter
1.16 297A exempting sales of intoxicating liquor and use from taxation, including amendments
1.17 adopted after enactment of this act.

1.18 (b) For purposes of this subdivision, sales that occur within the city shall not
1.19 include ~~(a)~~ (1) the sale of tangible personal property (i) which, without intermediate
1.20 use, is shipped or transported outside Minneapolis by the purchaser and thereafter used
1.21 in a trade or business or is stored, processed, fabricated or manufactured into, attached
1.22 to or incorporated into other tangible personal property transported or shipped outside
1.23 Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is
1.24 not thereafter returned to a point within Minneapolis, except in the course of interstate

2.1 or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the
 2.2 seller delivers to a common carrier for delivery outside Minneapolis, places in the United
 2.3 States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the
 2.4 purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which
 2.5 is not thereafter returned to a point within Minneapolis, except in the course of interstate
 2.6 or intrastate commerce; or ~~(b)~~ (2) sales which would be described in clause (e) or (u)
 2.7 of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were
 2.8 substituted for the words "Minnesota" or "state of Minnesota" in such clauses. A tax may
 2.9 be imposed under this section only if the taxes imposed under section 5 are imposed at
 2.10 the maximum rate allowed under that section. The tax authorized by this section shall be
 2.11 imposed, and may be adjusted periodically by the city council such that the rate imposed,
 2.12 rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to
 2.13 be required to produce revenue sufficient to finance the costs described in subdivision 3.

2.14 (c) The tax imposed under this subdivision expires on December 31, 2020, or at an
 2.15 earlier date if the city so determines by ordinance.

2.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
 2.17 without city approval as allowed under Minnesota Statutes, section 645.023.

2.18 Sec. 2. Laws 1986, chapter 396, section 5, is amended to read:

2.19 Sec. 5. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

2.20 (a) The city may, by resolution, levy in addition to taxes authorized by other law:

2.21 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales
 2.22 of intoxicating liquor and fermented malt beverages described in section 473.592
 2.23 occurring in the downtown taxing area, provided that this tax may not be imposed if sales
 2.24 of intoxicating liquor and fermented malt beverages are exempt from taxation under
 2.25 chapter 297A;

2.26 (2) a sales tax of not more than three percent on the gross receipts from the
 2.27 furnishing for consideration of lodging described in section 473.592 by a hotel or motel
 2.28 which has more than 50 rooms available for lodging; the tax imposed under this clause
 2.29 shall be at a rate that, when added to the sum of the rate of the sales tax imposed under
 2.30 Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and
 2.31 the rate of any other taxes on lodging in the city of Minneapolis, equals 12 percent; and

2.32 (3) a sales tax of not more than three percent on the gross receipts on all sales of food
 2.33 primarily for consumption on or off the premises by restaurants and places of refreshment
 2.34 as defined by resolution of the city that occur within the downtown taxing area.

3.1 **(b)** These taxes shall be applied solely to pay costs of collection and to pay or secure
3.2 the payment of any principal of, premium and interest on any bonds or any costs referred
3.3 to in section 4, subdivision 3. The commissioner of revenue may enter into appropriate
3.4 agreements with the city to provide for the collection of these taxes by the state on behalf
3.5 of the city. The commissioner may charge the city a reasonable fee for its collection from
3.6 the proceeds of any taxes. These taxes shall be subject to the same interest penalties and
3.7 enforcement provisions as the taxes imposed under section 473.592.

3.8 **(c)** The taxes imposed under this subdivision expire on December 31, 2020, or at an
3.9 earlier date if the city so determines by ordinance.

3.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
3.11 without city approval as allowed under Minnesota Statutes, section 645.023.