

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5335

04/09/2024 Authored by Gomez
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 taxation; local sales and use; authorizing cities and counties to impose
1.3 local sales taxes for certain projects; establishing a local sales tax equalization
1.4 distribution; providing for state auditor oversight; appropriating money; amending
1.5 Minnesota Statutes 2022, section 297A.99, subdivision 3, by adding a subdivision;
1.6 Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 1; proposing
1.7 coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota
1.8 Statutes 2023 Supplement, section 297A.99, subdivision 3a.

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

1.10 Section 1. Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 1, is
1.11 amended to read:

1.12 Subdivision 1. Authorization; scope. (a) A political subdivision of this state may impose
1.13 a general sales tax;

1.14 (1) under section 297A.9901;

1.15 (2) under section 297A.9915, (2);

1.16 (3) under section 297A.992, (3);

1.17 (4) under section 297A.9925, (4);

1.18 (5) under section 297A.993, (5);

1.19 (6) if permitted by special law; or

1.20 (6) (7) if the political subdivision enacted and imposed the tax before January 1, 1982,
1.21 and its predecessor provision.

1.22 (b) This section governs the imposition of a general sales tax by the political subdivision.

1.23 The provisions of this section preempt the provisions of any special law:

2.1 (1) enacted before June 2, 1997, ~~or;~~

2.2 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
2.3 provision from this section's rules by reference; or

2.4 (3) enacted before July 1, 2024.

2.5 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning
2.6 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
2.7 unless it is imposed under section 297A.993.

2.8 (d) A political subdivision may not advertise or expend funds for the promotion of a
2.9 referendum to support imposing a local sales tax and may only spend funds related to
2.10 imposing a local sales tax to:

2.11 (1) conduct the referendum;

2.12 (2) disseminate information included in the resolution adopted under subdivision 2, but
2.13 only if the disseminated information includes a list of specific projects and the cost of each
2.14 individual project;

2.15 (3) provide notice of, and conduct public forums at which proponents and opponents on
2.16 the merits of the referendum are given equal time to express their opinions on the merits of
2.17 the referendum;

2.18 (4) provide facts and data on the impact of the proposed local sales tax on consumer
2.19 purchases; and

2.20 (5) provide facts and data related to the individual programs and projects to be funded
2.21 with the local sales tax.

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

2.23 Sec. 2. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to
2.24 read:

2.25 **Subd. 2a. Scope.** The provisions of this section only apply to a tax imposed and enacted
2.26 by special law. A political subdivision seeking to amend, extend, or otherwise change a tax
2.27 imposed and enacted before July 1, 2024, must do so pursuant to the requirements of section
2.28 297A.9901.

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

3.1 Sec. 3. Minnesota Statutes 2022, section 297A.99, subdivision 3, is amended to read:

3.2 Subd. 3. **Legislative authority required before voter approval; requirements for**
3.3 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
3.4 to impose a local sales tax before submitting the tax for approval by voters of the political
3.5 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
3.6 subdivision at a general election. The election must be conducted at a general election within
3.7 the two-year period after the governing body of the political subdivision has received
3.8 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for
3.9 more than one project, there must be a separate question approving the use of the tax revenue
3.10 for each project. Notwithstanding the authorizing legislation, a project that is not approved
3.11 by the voters may not be funded with the local sales tax revenue and the termination date
3.12 of the tax set in the authorizing legislation must be reduced proportionately based on the
3.13 share of that project's cost to the total costs of all projects included in the authorizing
3.14 legislation.

3.15 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
3.16 and rehabilitation costs and associated bonding costs related to the specific capital
3.17 improvement projects that were approved by the voters under paragraph (a).

3.18 (c) The tax must terminate after the revenues raised are sufficient to fund the projects
3.19 approved by the voters under paragraph (a).

3.20 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
3.21 the political subdivision is prohibited from imposing a local sales tax for a period of one
3.22 year.

3.23 (e) ~~Notwithstanding paragraph (a), if a political subdivision received voter approval to~~
3.24 ~~seek authority for a local sales tax at the November 6, 2018, general election and is granted~~
3.25 ~~authority to impose a local sales tax before January 1, 2021, the tax may be imposed without~~
3.26 ~~an additional referendum provided that it meets the requirements of subdivision 2 and the~~
3.27 ~~list of specific projects contained in the resolution does not conflict with the projects listed~~
3.28 ~~in the approving referendum.~~ Beginning January 1, 2025, the reporting requirements under
3.29 section 297A.9902 apply to taxes authorized under special law or the requirements of this
3.30 section.

3.31 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
3.32 tax collected under subdivision 9, after sufficient revenues have been raised and before the
3.33 quarterly termination required under subdivision 12, paragraph (a), that is greater than the

4.1 average quarterly revenues collected over the immediately preceding 12 calendar months
4.2 must be retained by the commissioner for deposit in the general fund.

4.3 (g) Upon expiration of a tax authorized under this section or any other law, ordinance,
4.4 or city charter, the combined tax rate limit in section 297A.9901, subdivision 5, applies.

4.5 (h) If, after receiving voter approval, a political subdivision decides to cancel a project
4.6 approved by the voters, the political subdivision must notify the commissioner. The
4.7 commissioner must proportionately decrease the maximum amount of tax revenue the
4.8 political subdivision may collect and must adjust the termination of the tax accordingly. If
4.9 the political subdivision has already collected revenue for the canceled project, the political
4.10 subdivision must return the funds to the commissioner for deposit into the local sales tax
4.11 equalization distribution account.

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

4.13 Sec. 4. **[297A.9901] LOCAL SALES TAXES; LOCAL AUTHORIZATION**
4.14 **ALLOWED.**

4.15 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
4.16 the meanings given.

4.17 (b) "Convention center" means a structure that is expressly designed and constructed
4.18 for the purpose of presenting conventions, public meetings, and exhibitions and that contains
4.19 at least 50,000 square feet for exhibit and meeting spaces and includes parking facilities
4.20 that serve the center.

4.21 (c) "Library" means a library that is part of a regional public library system as designated
4.22 by the regional library board pursuant to section 134.20.

4.23 (d) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

4.24 (e) "Park" means a park that meets the five criteria established in the Department of
4.25 Natural Resources Parks and Trails Legacy Plan dated February 14, 2011, required by Laws
4.26 2009, chapter 172, article 3, section 2, paragraph (e).

4.27 (f) "Political subdivision" means a county located in Minnesota or a statutory or home
4.28 rule charter city located in Minnesota.

4.29 (g) "Prevailing wage rate" has the meaning given in section 177.42, subdivision 6.

4.30 (h) "Sports complex" means a defined area of sports pavilions, stadiums, gymnasiums,
4.31 swimming pools, or similar facilities where regional tournaments may be hosted, and where

5.1 members of the public engage in physical exercise, participate in athletic competitions,
5.2 witness sporting events, and host regional tournaments.

5.3 (i) "Specified capital project" means a convention center, library, park, sports complex,
5.4 or trail. A specified capital project must serve a regional population, provide economic
5.5 development benefits and opportunities, or draw nonresident individuals to the region.

5.6 (j) "Trail" means a trail that meets the five criteria established in the Department of
5.7 Natural Resources Parks and Trails Legacy Plan dated February 14, 2011, required by Laws
5.8 2009, chapter 172, article 3, section 2, paragraph (e).

5.9 Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016, or any other
5.10 law or ordinance, a political subdivision may impose, extend, or modify the uses of a local
5.11 sales tax to finance a specified capital project by: (1) meeting the requirements of this
5.12 section; (2) receiving approval from the state auditor; and (3) receiving voter approval. The
5.13 authorization under this section applies to an extension to or modification of a local sales
5.14 tax authorized under special law or the requirements of section 297A.99.

5.15 Subd. 3. **Use of proceeds.** The proceeds of a tax imposed under this section must be
5.16 dedicated exclusively to payment of the construction or rehabilitation costs, including
5.17 associated bonding costs, related to the specified capital projects approved by the voters.
5.18 Specified capital projects must meet the requirements specified in subdivision 4. The political
5.19 subdivision imposing the tax must not commingle revenue from a tax approved by the voters
5.20 under this section with revenue from a tax authorized under section 297A.99, or any other
5.21 law, ordinance, city charter, or other provision, including an extension of or modification
5.22 to the uses of a tax for a different project.

5.23 Subd. 4. **Specified capital projects; additional requirements.** (a) A political subdivision
5.24 seeking to impose a tax to fund the construction or rehabilitation of a sports complex or
5.25 convention center must demonstrate the following:

5.26 (1) an analysis of the surrounding region demonstrates that there is no similar sports
5.27 complex or convention center open to nonresidents at the same cost as residents within a
5.28 15-mile radius of the political subdivision for political subdivisions located outside of a
5.29 metropolitan county and within an eight-mile radius of the political subdivision for political
5.30 subdivisions located within a metropolitan county; and

5.31 (2) if admission or entry fees are charged to members of the public for use of the facility,
5.32 the fees must be charged equally to residents and nonresidents of the political subdivision
5.33 imposing the tax.

6.1 (b) The political subdivision must submit documentation of the requirements of paragraph
6.2 (a) to the state auditor pursuant to the requirements of section 297A.9902, subdivision 1.

6.3 Subd. 5. **Tax rate and duration.** (a) The combined total tax rate imposed by a political
6.4 subdivision under this section and section 297A.99 must not exceed one percent. If a local
6.5 sales tax is imposed by a county, the limit under this paragraph includes any tax authorized
6.6 under section 297A.993.

6.7 (b) The maximum collection period for a tax imposed under this section must be the
6.8 earlier of the amount of time necessary to collect the revenue equal to the cost of the
6.9 qualifying projects, including associated financing costs, or 30 years.

6.10 Subd. 6. **Public hearing required.** (a) Prior to seeking authority to impose a tax under
6.11 this section, a political subdivision must hold at least one public hearing occurring not before
6.12 6:00 p.m. that is open to residents and nonresidents, at which equal time is given to
6.13 proponents and opponents to express their opinions on the imposition of the tax. Notice of
6.14 the hearing must be given at least 14 days in advance and published on the political
6.15 subdivision's website detailing the time and location of the hearing and contain the following
6.16 information:

6.17 (1) the proposed tax rate;

6.18 (2) a description of each project proposed to be funded by the local sales tax; and

6.19 (3) the amount of tax revenue that would be used for each project and the estimated time
6.20 needed to raise that amount of revenue, inclusive of the estimated amount distributed under
6.21 subdivision 13, paragraph (a).

6.22 (b) The political subdivision must submit the minutes from this hearing to the state
6.23 auditor when requesting approval of the tax.

6.24 Subd. 7. **Resolution required.** (a) After conducting the public hearing required under
6.25 subdivision 6 and before the governing body of a political subdivision seeks voter approval
6.26 to impose a local sales tax, the governing body must adopt a resolution indicating its approval
6.27 of the tax. The resolution must include the following information:

6.28 (1) the proposed tax rate;

6.29 (2) a detailed description of no more than three projects that will be funded with revenue
6.30 from the tax;

6.31 (3) documentation of the regional significance of each specified capital project, including:

7.1 (i) the share of the economic benefit to or use of each project by persons residing, or
 7.2 businesses located, outside of the jurisdiction; and

7.3 (ii) demonstration that the project meets the requirements of the applicable definitions
 7.4 in subdivision 1, as well as the requirements of subdivision 4;

7.5 (4) the amount of local sales tax revenue that will be used for each project and the
 7.6 estimated time needed to raise that amount of revenue; and

7.7 (5) the total revenue that will be raised for all projects before the tax expires, and the
 7.8 estimated length of time that the tax will be in effect if all proposed projects are funded.

7.9 (b) The political subdivision must submit the resolution along with underlying
 7.10 documentation to the state auditor pursuant to the provisions of section 297A.9902,
 7.11 subdivision 1, paragraph (a).

7.12 Subd. 8. **Community support required.** Prior to seeking authority to impose a tax under
 7.13 this section, a political subdivision must provide to the state auditor letters or resolutions
 7.14 from the governing bodies of at least two surrounding local governments that affirmatively
 7.15 acknowledge that there is a local or regional need for the proposed specified capital project.

7.16 Subd. 9. **Voter approval required.** (a) A local sales tax approved by the state auditor
 7.17 is subject to voter approval prior to being imposed. A referendum must be conducted pursuant
 7.18 to the following requirements:

7.19 (1) the referendum must be held on the first Tuesday after the first Monday in November
 7.20 at a general or special election, so long as the ballot question for approval of the tax is not
 7.21 the only item on the ballot, within the two-year period after the political subdivision has
 7.22 received authority to impose the tax. For purposes of this section, "general election" and
 7.23 "special election" have the meanings given in section 200.02, except that a special election
 7.24 held under this section must be held on the first Tuesday after the first Monday in November;

7.25 (2) the ballot language must contain the following information:

7.26 (i) a description of each specified capital project that will be funded by the tax;

7.27 (ii) the projected start date of the tax;

7.28 (iii) the proposed tax rate;

7.29 (iv) the cost of the project, including associated financing costs;

7.30 (v) the maximum amount of time the tax will be imposed;

8.1 (vi) a statement that a portion of the tax revenue will be used for payment into the local
8.2 sales tax equalization distribution account; and

8.3 (vii) a statement that an affirmative vote means that a new tax will be imposed or that
8.4 an existing tax will be extended or increased;

8.5 (3) the ballot language must not contain any statement that informs the voter that by
8.6 voting "no" the voter acknowledges that the project subject to approval in the question may
8.7 be funded by increased property taxes; and

8.8 (4) each project must be a separate ballot question if a political subdivision is seeking
8.9 voter approval for more than one project.

8.10 (b) A project that is not approved by the voters may not be funded with the tax revenue
8.11 and the termination date of the tax approved by the state auditor must be reduced
8.12 proportionately based on the share of that project's cost to the total costs of all projects.

8.13 (c) A political subdivision may not advertise or expend funds for the promotion of a
8.14 referendum to support imposing a tax and may only spend funds related to:

8.15 (1) conduct the referendum;

8.16 (2) disseminate information regarding the projects to be funded with the tax;

8.17 (3) provide notice of and conduct public forums at which proponents and opponents of
8.18 the referendum are given equal time to express their opinions on the merits of the referendum;
8.19 and

8.20 (4) provide facts and data on the impact of the proposed local sales tax on consumer
8.21 purchases.

8.22 (d) The political subdivision must submit the language of each ballot question to the
8.23 state auditor for approval prior to printing the ballot for use in a referendum.

8.24 Subd. 10. **Legislative approval required.** (a) A political subdivision seeking to impose
8.25 a tax must obtain legislative approval to impose the tax if the tax does not meet the
8.26 requirements of this section or if the state auditor does not approve the proposal submitted
8.27 for imposition of the tax. The provisions of section 297A.99 apply to any tax imposed by
8.28 special law.

8.29 (b) In addition to the requirements imposed under section 297A.99, subdivision 2, the
8.30 political subdivision must include in its resolution submitted to the legislature:

8.31 (1) a detailed description of how the request does not meet the requirements of this
8.32 section; and

9.1 (2) letters or resolutions from the governing bodies of each local government located in
9.2 Minnesota that abuts the political subdivision that affirmatively acknowledge that there is
9.3 a local or regional need for the proposed capital project.

9.4 (c) A tax approved by the legislature is subject to the collection and retention provisions
9.5 of subdivision 13 and section 297A.9903.

9.6 Subd. 11. **Filing requirements.** After receiving voter approval, a political subdivision
9.7 with approval to impose a tax from the state auditor or special law must file a certificate of
9.8 local approval with the secretary of state pursuant to section 645.021, subdivisions 2 and
9.9 3, for the tax to be lawfully imposed.

9.10 Subd. 12. **Administration; termination.** (a) A political subdivision imposing a tax
9.11 under this section must not commingle revenue from a tax for a project or projects approved
9.12 by the voters under this section with revenue from a tax authorized under section 297A.99,
9.13 or any other law, ordinance, city charter, or other provision, including an extension of or
9.14 modification to the uses of a tax for a different project.

9.15 (b) A political subdivision imposing the tax must notify the commissioner and the state
9.16 auditor at least 60 days before the date the political subdivision anticipates that revenues
9.17 raised from the tax are sufficient to fund the projects approved by the voters. The notification
9.18 applies to each authorization of a tax and each project approved by the voters, regardless
9.19 of whether the legislature has authorized the tax, notwithstanding the requirements of section
9.20 297A.99, subdivision 3, paragraph (d).

9.21 (c) After a tax imposed by a political subdivision has expired or been terminated, the
9.22 political subdivision is prohibited from imposing a new local sales tax for a period of one
9.23 year.

9.24 (d) If, after receiving voter approval, a political subdivision decides to cancel a project
9.25 approved by the voters, the political subdivision must notify the commissioner and the state
9.26 auditor. The commissioner must proportionately decrease the maximum amount of tax
9.27 revenue the political subdivision may collect and must adjust the termination of the tax
9.28 accordingly. If the political subdivision has already collected revenue for the canceled
9.29 project, the political subdivision must return the funds to the commissioner for deposit into
9.30 the local sales tax equalization distribution account.

9.31 Subd. 13. **Collection and retention.** (a) The commissioner shall remit the proceeds of
9.32 the tax, less refunds and a proportionate share described in clauses (1) to (3), at least
9.33 quarterly, to the political subdivision. The commissioner shall deduct from the proceeds
9.34 distributed to a political subdivision an amount that equals:

10.1 (1) one percent for the direct and indirect costs of the department to administer, audit,
10.2 and collect the tax, of which one-half must be used for the cost of constructing and
10.3 maintaining a zip code or geocode database necessary for local sales tax collections under
10.4 the Streamlined Sales and Use Tax Agreement in section 297A.995;

10.5 (2) one percent for the direct and indirect costs of the state auditor to approve and audit
10.6 the tax; and

10.7 (3) 15 percent for the political subdivision's contribution share of the amount to be paid
10.8 for distribution under section 297A.9903.

10.9 (b) The revenue retained by the commissioner under paragraph (a), clause (1), must be
10.10 deposited into the Revenue Department service and recovery special revenue fund established
10.11 under section 270C.15.

10.12 (c) The revenue retained for the purpose outlined in paragraph (a), clause (2), must be
10.13 deposited into the state auditor service and recovery account.

10.14 (d) The revenue retained for the purpose outlined in paragraph (a), clause (3), must be
10.15 deposited into the local sales tax equalization distribution account.

10.16 Subd. 14. **Accounts established; transfer.** (a) The local sales tax equalization distribution
10.17 account is established in the special revenue fund. Funds in the account must be distributed
10.18 in accordance with section 297A.9903.

10.19 (b) The state auditor service and recovery account is established in the special revenue
10.20 fund. Each October 1, the commissioner of revenue must transfer the balance of the account
10.21 into the general fund.

10.22 Subd. 15. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions
10.23 4 to 10 and 12 to 13, apply to taxes authorized under this section.

10.24 (b) The requirements of section 475.53 apply to bonds issued for projects under this
10.25 section.

10.26 (c) The prevailing wage rate applies to all contracts for construction of specified capital
10.27 projects under this section.

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

10.29 Sec. 5. **[297A.9902] LOCAL SALES TAXES; OVERSIGHT.**

10.30 Subdivision 1. **Filing requirement.** (a) A political subdivision seeking to impose a local
10.31 sales tax under the provisions of section 297A.9901 must file a copy of all documentation

11.1 required under section 297A.9901 with the commissioner and the state auditor by November
11.2 30.

11.3 (b) The state auditor must verify whether each project included in the submission under
11.4 paragraph (a) meets the requirements of section 297A.9901. By January 10 of the following
11.5 year, the state auditor must notify the political subdivision of its determination. If the state
11.6 auditor determines that a project does not meet the requirements of section 297A.9901, the
11.7 political subdivision may seek legislative authorization for a local sales tax to finance the
11.8 project under the provisions of section 297A.99.

11.9 Subd. 2. **Annual financial reporting.** (a) The state auditor shall develop a uniform
11.10 system of accounting and financial reporting for political subdivisions imposing a local
11.11 sales and use tax under sections 297A.99 and 297A.9901. The system of accounting and
11.12 financial reporting shall, as nearly as possible:

11.13 (1) provide for full disclosure of the uses of local sales and use tax revenues;

11.14 (2) permit comparison and reconciliation with the political subdivision's accounts and
11.15 financial reports;

11.16 (3) permit auditing of the funds expended on behalf of a political subdivision, including
11.17 a single political subdivision that is part of a multijurisdictional project or that is funded in
11.18 part or wholly through a local sales and use tax from other jurisdictions or with other public
11.19 money; and

11.20 (4) be consistent with generally accepted accounting principles.

11.21 (b) The political subdivision must annually submit to the state auditor a financial report
11.22 in compliance with paragraph (a). Copies of the report must also be provided to the auditor
11.23 and governing body of the political subdivision. To the extent necessary to permit compliance
11.24 with the requirement of financial reporting, the political subdivision and any other appropriate
11.25 political subdivision or private entity must provide the necessary records or information to
11.26 the state auditor as provided by the system of accounting and financial reporting developed
11.27 pursuant to paragraph (a). The political subdivision must submit the annual report for a year
11.28 on or before ... of the ...

11.29 (c) The annual financial report must also include the following items: ...

11.30 **EFFECTIVE DATE.** This section is effective July 1, 2024.

12.1 **Sec. 6. [297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

12.2 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
12.3 the meanings given.

12.4 (b) "Adjusted net tax capacity" means the qualified recipient's adjusted net tax capacity
12.5 under section 273.1325.

12.6 (c) "Average fiscal capacity" means the sum of the adjusted net tax capacities of all
12.7 qualified recipients, divided by the sum of their populations.

12.8 (d) "Political subdivision" means a political subdivision as defined in section 297A.9901,
12.9 subdivision 1.

12.10 (e) "Local sales tax" means: (1) a local sales tax imposed under section 297A.9901; or
12.11 (2) a local sales tax imposed under section 297A.99, or special law that was enacted or
12.12 modified after July 1, 2024.

12.13 (f) "Contribution share" means 15 percent of the total local sales taxes that were collected
12.14 by a political subdivision in the previous calendar year pursuant to section 297A.99,
12.15 subdivision 2a, or section 297A.9901, subdivision XX.

12.16 (g) "Distribution index" for a qualified recipient means the product of: (1) its population;
12.17 and (2) the proportion which the average fiscal capacity in the preceding year bears to the
12.18 fiscal capacity of the qualified recipient for the preceding year.

12.19 (h) "Distribution share" for a qualified recipient means the product of: (1) the total of
12.20 all contribution shares of all political subdivisions; and (2) the proportion which the
12.21 distribution index for the qualified recipient bears to the sum of the distribution indices of
12.22 all qualified recipients.

12.23 (i) "Fiscal capacity" of a qualified recipient means its adjusted net tax capacity divided
12.24 by its population.

12.25 (j) "Population" means the population estimated or established, as of January 1 in the
12.26 year distributions under this section are calculated, by the most recent federal census, by a
12.27 special census conducted under contract with the United States Bureau of the Census, or
12.28 by a population estimate of the state demographer made pursuant to section 4A.02, whichever
12.29 is the most recent.

12.30 (k) "Qualified recipient" means a political subdivision that either: (1) had a contribution
12.31 share greater than \$0 based on local sales taxes collected in the prior calendar year; or (2)

13.1 did not collect a local sales tax in the prior calendar year that was approved by voters prior
 13.2 to July 1, 2024.

13.3 Subd. 2. **Local sales tax revenue sharing required.** A political subdivision with a local
 13.4 sales tax is subject to the contribution requirements under subdivision 3 for any calendar
 13.5 year, or portion thereof, in which a local sales tax was collected. All qualified recipients
 13.6 are eligible for distributions under this section, and the commissioner of revenue must
 13.7 annually calculate each qualified recipient's distribution share.

13.8 Subd. 3. **Contribution share.** Pursuant to section 297A.9901, subdivision XX, the
 13.9 commissioner of revenue must annually retain each political subdivision's contribution
 13.10 share. For any calendar year in which a political subdivision does not have a local sales tax,
 13.11 the political subdivision's contribution share is \$0.

13.12 Subd. 4. **Certification.** The commissioner of revenue must annually calculate and certify
 13.13 each political subdivision's contribution share and each qualified recipient's distribution
 13.14 share, based on local sales taxes collected in the prior calendar year. The commissioner
 13.15 must provide notice of the certification to each political subdivision by January 31.

13.16 Subd. 5. **Settlement.** By March 15 annually, the commissioner of revenue must pay to
 13.17 each qualified recipient the distribution share certified under subdivision 4.

13.18 Subd. 6. **Future contributions and payments** A political subdivision that has imposed
 13.19 a local sales tax prior to July 1, 2024, is a qualified recipient under this section if:

13.20 (1) the political subdivision modifies, increases, or extends the local sales tax;

13.21 (2) the political subdivision imposes a new local tax pursuant to section 297A.9901 or
 13.22 special law; or

13.23 (3) the political subdivision's existing local sales tax expires.

13.24 Subd. 7. **Appropriation.** The amount required to make distributions under this section
 13.25 is appropriated from the local sales tax equalization distribution account established under
 13.26 section 297A.9901, subdivision 14, to the commissioner of revenue.

13.27 Sec. 7. **OFFICE OF THE STATE AUDITOR; APPROPRIATION.**

13.28 \$..... in fiscal year 2025 is appropriated from the general fund to the state auditor to
 13.29 implement the requirements of section 297A.9902. The funds appropriated are available
 13.30 through June 30, 2027.

14.1 Sec. 8. **REPEALER.**

14.2 Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 3a, is repealed.

14.3 **EFFECTIVE DATE.** This section is effective July 1, 2024.

297A.99 LOCAL SALES TAXES.

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after May 31, 2025, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

- (1) any activity described in subdivision 1, paragraph (d);
- (2) adopt a resolution; or
- (3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires June 1, 2025.