

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 3191

(SENATE AUTHORS: REST and Dziejcie)

DATE
02/17/2022

D-PG
5045 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxes; local sales and use; clarifying local resolution submission and
1.3 referendum requirements for imposing a new local sales tax or modifying an
1.4 existing local sales tax; amending Minnesota Statutes 2020, section 297A.99,
1.5 subdivisions 1, 3; Minnesota Statutes 2021 Supplement, section 297A.99,
1.6 subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 1, is amended to read:

1.9 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
1.10 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted
1.11 by special law, or (4) if the political subdivision enacted and imposed the tax before January
1.12 1, 1982, and its predecessor provision.

1.13 (b) This section governs the imposition of a general sales tax by the political subdivision.
1.14 The provisions of this section preempt the provisions of any special law:

1.15 (1) enacted before June 2, 1997, or

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

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

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

2.1 (e) Notwithstanding paragraph (d), a political subdivision may only spend funds related
 2.2 to imposing a local sales tax to:

2.3 (1) conduct the referendum;

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

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

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

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

2.14 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
 2.15 for approval after the day of final enactment.

2.16 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.99, subdivision 2, is amended
 2.17 to read:

2.18 Subd. 2. **Local resolution before application for authority.** ~~(a) Before the governing~~
 2.19 ~~body of a political subdivision requests legislative approval to impose a local sales tax~~
 2.20 ~~authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The~~
 2.21 ~~resolution must include the following information:~~ The governing body of a political
 2.22 subdivision seeking legislative approval to either impose a new local sales tax authorized
 2.23 by special law or modify an existing local sales tax authorized by special law must adopt a
 2.24 resolution indicating its approval of the tax each year it requests legislative approval. The
 2.25 resolution must include the following information:

2.26 (1) the proposed tax rate;

2.27 (2) a detailed description of no more than five capital projects that will be funded with
 2.28 revenue from the tax;

2.29 (3) documentation of the regional significance of each project, including the share of
 2.30 the economic benefit to or use of each project by persons residing, or businesses located,
 2.31 outside of the jurisdiction;

3.1 (4) the amount of local sales tax revenue that would be used for each project and the
3.2 estimated time needed to raise that amount of revenue; and

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

3.5 (b) The jurisdiction ~~seeking authority to impose a local sales tax by special law~~ must
3.6 submit the resolution in paragraph (a) along with underlying documentation indicating how
3.7 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
3.8 minority members of the ~~legislative~~ committees of the house of representatives and senate
3.9 with jurisdiction over taxes no later than January 31 of ~~the~~ each year in which the jurisdiction
3.10 is seeking a special law authorizing or modifying the tax. The jurisdiction must submit an
3.11 amended resolution if, after meeting the requirements of this paragraph, the jurisdiction
3.12 seeks to:

3.13 (1) add a project that will be funded with the revenue from the tax;

3.14 (2) increase the amount that will be used for any project;

3.15 (3) increase the total revenue raised for all projects before the tax expires; or

3.16 (4) increase the estimated length of time that the tax will be in effect if all proposed
3.17 projects are funded.

3.18 (c) The special legislation granting or modifying local sales tax authority is not required
3.19 to allow funding for all projects listed in the resolution with the revenue from the local sales
3.20 tax, but must not include any projects not contained in the resolution.

3.21 (d) For purposes of this section, a "capital project" or "project" means:

3.22 (1) a single building or structure including associated infrastructure needed to safely
3.23 access or use the building or structure;

3.24 (2) improvements within a single park or named recreation area; or

3.25 (3) a contiguous trail.

3.26 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
3.27 for approval after the day of final enactment.

3.28 Sec. 3. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

3.29 Subd. 3. **Legislative authority required before voter approval; requirements for**
3.30 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
3.31 to impose or modify a local sales tax before submitting the tax for approval by voters of the

4.1 political subdivision. Imposition or modification of a local sales tax is subject to approval
4.2 by voters of the political subdivision at a general election. The election must be conducted
4.3 ~~at a general election~~ on the first Tuesday after the first Monday in November within the
4.4 two-year period after the governing body of the political subdivision has received authority
4.5 to impose or modify the tax. If the authorizing legislation ~~allows~~ authorizes or modifies the
4.6 tax ~~to be imposed~~ for more than one project, there must be a separate question approving
4.7 the use of the tax revenue for each project. Notwithstanding the authorizing legislation or
4.8 special law modifying the tax, a project that is not approved by the voters may not be funded
4.9 with the local sales tax revenue and the termination date of the tax set in the authorizing
4.10 legislation or special law modifying the tax must be reduced proportionately based on the
4.11 share of that project's cost to the total costs of all projects included in the authorizing
4.12 legislation or special law modifying the tax.

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

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

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

4.21 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to
4.22 seek authority for a local sales tax at the November 6, 2018, general election and is granted
4.23 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without
4.24 an additional referendum provided that it meets the requirements of subdivision 2 and the
4.25 list of specific projects contained in the resolution does not conflict with the projects listed
4.26 in the approving referendum.

4.27 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
4.28 tax collected under subdivision 9, after sufficient revenues have been raised and before the
4.29 quarterly termination required under subdivision 12, paragraph (a), that is greater than the
4.30 average quarterly revenues collected over the immediately preceding 12 calendar months
4.31 must be retained by the commissioner for deposit in the general fund.

4.32 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
4.33 for approval after the day of final enactment.