

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2813

03/09/2023 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 taxation; local sales and use; exempting certain projects from the regional
1.3 significance requirement for cities with a population under 5,000; amending
1.4 Minnesota Statutes 2022, section 297A.99, subdivisions 1a, 2.

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

1.6 Section 1. Minnesota Statutes 2022, section 297A.99, subdivision 1a, is amended to read:

1.7 Subd. 1a. Requirements. (a) Local sales taxes are to be used instead of traditional local
1.8 revenues only for construction and rehabilitation of capital projects when a clear regional
1.9 benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues
1.10 for local projects decreases the benefits to taxpayers of the deductibility of local property
1.11 taxes and the state assistance provided through the property tax refund system and increases
1.12 the fiscal inequities between similar communities.

1.13 (b) The requirement to demonstrate a clear regional benefit beyond the taxing jurisdiction
1.14 does not apply to the construction, reconstruction, rehabilitation, or renovation of police
1.15 stations, fire stations, and ambulance facilities when the taxing jurisdiction is a city with a
1.16 population under 5,000.

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

1.18 Sec. 2. Minnesota Statutes 2022, section 297A.99, subdivision 2, is amended to read:

1.19 Subd. 2. Local resolution before application for authority. (a) Before the governing
1.20 body of a political subdivision requests legislative approval to impose a local sales tax
1.21 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
1.22 resolution must include the following information:

- 2.1 (1) the proposed tax rate;
- 2.2 (2) a detailed description of no more than five capital projects that will be funded with
2.3 revenue from the tax;
- 2.4 (3) documentation of the regional significance of each project, including the share of
2.5 the economic benefit to or use of each project by persons residing, or businesses located,
2.6 outside of the jurisdiction, unless the taxing jurisdiction is a city with a population under
2.7 5,000 and the capital project to be funded is a police station, fire station, or ambulance
2.8 facility;
- 2.9 (4) the amount of local sales tax revenue that would be used for each project and the
2.10 estimated time needed to raise that amount of revenue; and
- 2.11 (5) the total revenue that will be raised for all projects before the tax expires, and the
2.12 estimated length of time that the tax will be in effect if all proposed projects are funded.
- 2.13 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
2.14 submit the resolution in paragraph (a) along with underlying documentation indicating how
2.15 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
2.16 minority members of the legislative committees with jurisdiction over taxes no later than
2.17 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.
- 2.18 (c) The special legislation granting local sales tax authority is not required to allow
2.19 funding for all projects listed in the resolution with the revenue from the local sales tax, but
2.20 must not include any projects not contained in the resolution.
- 2.21 (d) For purposes of this section, a "capital project" or "project" means:
- 2.22 (1) a single building or structure including associated infrastructure needed to safely
2.23 access or use the building or structure;
- 2.24 (2) improvements within a single park or named recreation area; or
- 2.25 (3) a contiguous trail.
- 2.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.