

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 988

(SENATE AUTHORS: JOHNSON STEWART)

DATE
02/15/2021

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388 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
 1.2 relating to taxation; sales and use; authorizing political subdivisions to impose a
 1.3 local sales tax on motor fuels to fund construction, reconstruction, and maintenance
 1.4 of transportation infrastructure; amending Minnesota Statutes 2020, section
 1.5 239.7511; proposing coding for new law in Minnesota Statutes, chapter 297A.

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

1.7 Section 1. Minnesota Statutes 2020, section 239.7511, is amended to read:

1.8 **239.7511 GAS TAX SIGN ON PETROLEUM DISPENSER.**

1.9 (a) The director must ensure that signs having 12-point font or greater are affixed on
 1.10 retail petroleum dispensers as follows:

1.11 (1) for regular or premium gasoline, a sign that reads: "The price for each gallon of
 1.12 gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline
 1.13 tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and
 1.14 bridges, according to the Minnesota Constitution."; and

1.15 (2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes
 1.16 the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents
 1.17 per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according
 1.18 to the Minnesota Constitution."

1.19 (b) A political subdivision imposing a local tax on motor fuels under section 297A.9935
 1.20 must ensure that signs having 12-point font or greater are affixed on retail petroleum
 1.21 dispensers that state the amount of tax attributable to taxes imposed by the political
 1.22 subdivision and a statement that reads:

2.1 "Revenue from a local motor fuels tax may be used to fund construction, reconstruction,
2.2 and maintenance of transportation infrastructure, according to state law."

2.3 (c) The director must distribute the signs under this section to the owner or operator of
2.4 retail petroleum dispensers. To the extent possible, the director must coordinate the
2.5 distribution of signs with other duties the director may have involving retail petroleum
2.6 dispensers.

2.7 (e) (d) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2),
2.8 or (b) changes, the director or political subdivision must distribute revised signs to reflect
2.9 the updated gasoline tax amounts within 12 calendar months of the change.

2.10 (d) (e) The director is prohibited from assessing any penalty, fine, or fee on the owner
2.11 or operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise
2.12 damaged gas tax sign.

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

2.14 Sec. 2. **[297A.9935] LOCAL TAXES ON MOTOR FUELS.**

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

2.17 (b) "Motor fuels" has the meaning given in section 296A.01, subdivision 33, and includes
2.18 fuel used for marine use.

2.19 (c) "Political subdivision" means any county, statutory or home rule charter city, or
2.20 township of this state.

2.21 (d) "Transportation infrastructure" includes but is not limited to any of the following
2.22 that are under the jurisdiction of the political subdivision imposing the tax: highways; streets
2.23 and bridges; transit vehicles; and transit facilities.

2.24 Subd. 2. **Authorization.** Notwithstanding sections 297A.99, subdivisions 1, 2, 3, 5, and
2.25 13; 297A.995, subdivision 6, paragraph (f), clause (1); or 477A.016, or any other law or
2.26 charter provision, a political subdivision of this state may impose a sales tax on the retail
2.27 sale of motor fuel used in producing and generating power for propelling motor vehicles
2.28 used on the public highways of this state.

2.29 Subd. 3. **Approval by governing board required; rates.** Following a public hearing,
2.30 a governing body of a political subdivision of this state may by resolution impose a tax
2.31 authorized under this section at a rate to be determined by the political subdivision.

3.1 Subd. 4. Use of revenue. The revenues derived from a tax authorized by this section
3.2 must be used by the political subdivision imposing the tax to pay (1) the capital costs of
3.3 construction, reconstruction, and maintenance of transportation infrastructure, (2) costs of
3.4 securing and paying debt service on the capital costs of construction, reconstruction, and
3.5 maintenance of transportation infrastructure, and (3) the costs of collecting and administering
3.6 the tax.

3.7 Subd. 5. Exemptions. (a) Entities exempt from the motor fuels excise taxes under
3.8 sections 296A.07, subdivision 4; and 296A.08, subdivision 3, are exempt from a tax imposed
3.9 under this section.

3.10 (b) The retail sale of dyed fuel is exempt from a tax imposed under this section.

3.11 Subd. 6. Limitation on other local sales taxes. (a) A political subdivision that imposes
3.12 a tax under section 297A.99, the proceeds of which are used to fund transportation-related
3.13 projects, is prohibited from imposing a tax under this section until the tax imposed under
3.14 section 297A.99 has expired.

3.15 (b) A political subdivision that imposes a tax under this section is prohibited from using
3.16 revenue derived from a new tax imposed under section 297A.99 for costs of improvements
3.17 to transportation infrastructure.

3.18 Subd. 7. Enforcement; collection; and administration. The administration, collection,
3.19 and enforcement provisions in section 297A.99, subdivisions 4, 9, 11, and 12, apply to all
3.20 taxes imposed under this section.

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