

INFORMATION BRIEF

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Local Sales Taxes in Minnesota

Local governments, except for counties, are generally prohibited by statute from imposing sales taxes. Counties are allowed by statute to impose general sales taxes to fund transportation and transit.

Additionally the legislature has authorized, through special legislation, a number of local sales taxes. These local taxes have differed significantly in their characteristics and administration. In 1997, the legislature adopted model statutory language regarding imposition and administration of new and existing local sales taxes.

This information brief is divided into three sections—the first summarizes the codified rules for local sales taxes, the second describes the general county authority to impose local sales taxes to fund transportation and transit and lists the counties using that authority, and the third discusses the local sales taxes authorized individually and includes tables of these local sales taxes. This brief only covers general local sales taxes; liquor, restaurant, lodging, and entertainment taxes are not included.

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Codified Local Sales Tax Rules

History

As part of the tax reform enacted in 1971, known as the Minnesota Miracle, the state began appropriating significant money for general purpose state aid to local governments. At the same time, the state prohibited local governments “...from increasing a present tax or imposing a new tax on sales or income.” [Minn. Stat. 477A.016](#).¹ Despite this prohibition, the legislature allowed a number of local sales taxes to be imposed via special legislation.

In 1997, the sales tax advisory council—a group of legislators, administration staff, and representatives of the business community—recommended that the legislature adopt model statutory language for the imposition and administration of local sales taxes. The goal was to create consistency in the application of new and existing local taxes that would (1) ease the compliance costs for businesses located outside the taxing jurisdiction who were required to collect the local tax, and (2) simplify the Department of Revenue’s administration of these taxes.

The proposed local sales tax statute laying out these rules was enacted in the 1997 session.² Language was added in 1998 and 1999 to incorporate some standards that the House and Senate tax committees had started to use in evaluating proposals for new local sales tax authority and to clarify some additional administration issues. Further changes were made during the 2003 session to make the law conform to the Streamlined Sales and Use Tax Agreement (SSUTA).³ Several additional minor modifications have been made since then and are explained in the summary below.

Local sales tax rules are codified in [Minnesota Statutes, section 297A.99](#).

¹ The original prohibition was included as a subdivision in the local government aid law ([Minn. Stat. 1971, § 477A.01](#), subd. 18), but moved into a separate section when the local government aid chapter was recodified in the 1981 first special session.

² The original provisions were codified in [Minnesota Statutes, section 297A.48](#), and were amended in 1998 and 1999. The amended provisions were moved to [Minnesota Statutes, section 297A.99](#), in 2000, as part of a recodification of the sales tax chapter.

³ The Streamlined Sales and Use Tax Agreement (SSUTA) is a voluntary agreement in which participating states simplify and standardize sales tax administration and definitions between states. Minnesota is a member—see [Minnesota Statutes, section 297A.995](#). Remaining in compliance allows the state to collect sales tax revenues from certain out-of-state businesses that it would otherwise not collect due to nexus requirements.

Summary of the Local Sales Tax Provisions

Local Taxes Subject to the Statutory Provisions

The statutory provisions apply to all local sales taxes authorized after June 2, 1997, unless the enabling legislation specifically exempts the local authority from all or part of this statute. Since January 1, 2000, the statutory provisions apply to and preempt any contrary provisions of all local sales taxes authorized before June 2, 1997. [Minn. Stat. § 297A.99](#), subd. 1.

Steps That a Political Subdivision Must Follow to Impose a Local Sales Tax

In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

1. The governing body of a political subdivision must pass a resolution proposing the tax and stating (at least) the:
 - a. Proposed tax rate,
 - b. Amount of revenue to be raised and its intended uses, and
 - c. Anticipated date that the tax will expire.
2. The proposed tax, then, must be submitted to and passed by the majority of the voters at a general election held at least 90 days after the resolution was passed. The political subdivision may not expend money to advertise or promote the tax.
3. The political subdivision must request and get enacted a special law authorizing imposition of the tax.
4. The political subdivision must file local approval with the secretary of state before the start of the next regular legislative session after the session in which the enabling law is enacted.
5. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

A political subdivision must get special legislation authorizing the imposition of the sales tax. The statute requires that the governing body of the political subdivision pass a resolution indicating its desire to impose the tax prior to requesting the enabling legislation. The resolution must include information on the proposed tax rate, the amount of revenue to be raised and its intended use, and the anticipated date when the tax will expire. This resolution requirement was added during the 1998 session. [Minn. Stat. § 297A.99](#), subd. 9a.

Since 1999, political subdivisions have been required to hold a local referendum at a general election⁴ before imposing an authorized local sales tax. The revenue may only be used to fund specific capital improvements, which must be identified at least 90 days before the referendum. This codified existing practice, since most special legislation authorizing local taxes passed in recent years already imposed this requirement. However the 1999 law was ambiguous on the timing of the referendum—whether it should be held before or after the enabling legislation had passed. In 2011 the law was clarified to require the political subdivision to hold the referendum prior to coming to the legislature for authority to impose the tax. [Minn. Stat. § 297A.99](#), subs. 2 and 3.

Since 2013, local governments have been prohibited from spending money to advertise or otherwise spend money to *promote* a referendum for imposing a local sales tax. A political subdivision may only spend money to:

1. conduct the referendum,
2. distribute the information about the sales tax contained in the required resolution, and
3. host public forums on the issue, provided proponents and opponents were given equal time to speak. [Minn. Stat. § 297A.99](#), subd. 1, para. (d).

Prior to this prohibition (from July 1, 2008, through May 31, 2010), there was a temporary prohibition forbidding a political subdivision to “advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax” unless it was to extend or change an already authorized tax. The practical intent of the prohibition was to eliminate new local sales tax proposals coming before the legislature during the 2009 and 2010 legislative sessions. In 2011 the expired provision was replaced with a new limitation allowing political subdivisions to hold referenda to impose a local sales tax but still prohibiting them from advertising or spending funds to promote imposing the tax. In 2013, the provision was loosened to allow a political subdivision to also spend money to provide the public with certain facts about the proposed tax and to host public forums on the issue.

Determination of the Local Tax Rate

The local tax rate is set in the legislation authorizing the tax. The statute clarifies that the full local tax rate applies to all taxable sales. SSUTA allows lower rates to apply to certain items but all current local sales taxes have only one rate.⁵ [Minn. Stat. § 297A.99](#), subd. 5.

Definition of the Tax Base for the Local Tax

The statute provides that the local sales tax applies to the same tax base, with the same exemptions, as the state sales tax. A taxable service is subject to the local tax if more than one-

⁴ A general election means either the state general election held on the first Tuesday after the first Monday in November of an even-numbered year, or a regularly scheduled election for local public officials for that political subdivision.

⁵ The one-rate-per-taxing-jurisdiction requirement in SSUTA does not apply to the sale of the following items: electricity, gas, or other heating fuels delivered by the seller, or the transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

half of the service, based on the cost, is performed within the local jurisdiction. [Minn. Stat. § 297A.99](#), subds. 4 and 7. The following sales made within the local taxing jurisdiction are exempt from the local tax:

- Purchases shipped outside the taxing jurisdiction for use in a trade or business outside of the jurisdiction
- Purchases temporarily stored in the taxing jurisdiction before being shipped by common carrier for use outside of the jurisdiction
- Purchases that are subject to the direct pay provisions for interstate motor carriers under [Minnesota Statutes, section 297A.90](#)

Although the statute does not apply to or preempt a local sales tax on motor vehicles, a law passed in 2000 prohibits a local tax on motor vehicles greater than \$20 per vehicle. [Laws 2000, ch. 490](#), art. 8, § 21.

Requirements of a Complementary Use Tax

A complementary use tax is required in all jurisdictions with a local sales tax. The use tax is imposed on the consumption or “use” of taxable items for which no sales tax was paid. The tax is imposed mainly on purchases by resident buyers from sellers located outside of the local taxing jurisdiction. The use tax removes the disadvantage to local businesses from competition with businesses located outside of the taxing area that are not required to collect the local sales tax. Four local taxes enacted before 1997 did not include a use tax; a local use tax was imposed in these political subdivisions beginning January 1, 2000.⁶

The statute also allows a credit against the use tax owed for a local sales or use tax paid to another political subdivision. This is similar to the credit against state sales and use tax for the amount of sales taxes paid to another state.

In 2005, the law began requiring political subdivisions with a local sales and use tax to notify their citizens about the local use tax and provide information or electronic links to allow persons to get information and forms needed to pay the tax. The political subdivision must post the information on the main page of its website and provide an annual notice with the billing statement for any public utilities provided by the jurisdiction. [Minn. Stat. § 297A.99](#), subds. 6, 8, and 12a.

Collection, Administration, and Enforcement of Local Taxes

The statute requires the Commissioner of Revenue to administer and collect local sales and use taxes. This merely codified preexisting practice. All local sales taxes, except for the tax imposed in the city of Duluth, have been administered and collected by the state. The city of Duluth, at its own request, was specifically exempted from the collection and administration

⁶ A complementary use tax was not originally authorized in Cook County and the cities of Hermantown, Mankato, and St. Paul.

provisions of the statute. However, the commissioner began collecting the Duluth tax January 1, 2006, because the SSUTA requires collection of all local and state sales taxes by one agency.

The local taxes are subject to the same penalties, interest, and enforcement provisions as the state sales tax. Refunds of excess state sales taxes paid must also include a refund of any excess local sales tax paid. The state deducts its collection and administration costs from the tax revenue returned to the local taxing jurisdiction. The net local tax revenue is paid to the local taxing jurisdiction on a quarterly basis. [Minn. Stat. § 297A.99](#), subs. 9 and 11.

Imposing and Repealing Local Sales Tax

To facilitate state administration of local taxes, the imposition of a tax may only begin on the first day of a calendar quarter. Repeal of a local tax is only effective at the end of a calendar quarter. A local taxing jurisdiction must give the Department of Revenue at least 90 days' notice before a tax is imposed or repealed. The notice provision was amended in 2003 to include SSUTA requirements. The tax will only be effective after the commissioner has given sellers located in the area at least 60 days' notice and will apply to catalog or remote sales only after the commissioner has given these sellers 120 days' notice. The practical effect is that there may be a delay in the imposition of a local tax on remote sales if the local government does not provide at least 120 advance notice to the state.

The statute was amended in 1999 to require a break between the repeal of an existing sales tax and the reimposition of a sales tax for another purpose. A political subdivision must wait one year after the expiration before imposing a new tax for a different project. [Minn. Stat. § 297A.99](#), subs. 3, para. (d), and 12.

Despite this requirement, in most political subdivisions legislation has granted extensions of existing sales taxes without the required break.⁷ The only local governments that let an existing tax expire for at least one year before imposing a new tax for a different project are:

- Cook County, which let a tax expire in 2008 and sought and received authority for a new tax during the 2009 legislative session;
- the city of Wilmar, which imposed a tax in 1997 that expired in 2001 and sought and received authority for a new tax in 2005 that expired at the end of 2012; and
- the city of Fergus Falls, which let its 2010 tax expire in 2016 and received authority to impose a new tax in 2017.

Determining the Site of a Delivery for Local Tax Purposes

The 1999 Legislature added a provision dealing with the use of zip codes to determine whether a delivery sale is subject to a local sales and use tax. This was amended in 2003 to follow SSUTA requirements. Under the change, the lowest combined tax rate applies if a zip code area includes

⁷Extensions have been granted without a break in imposition for the following local sales taxes since 2005: the Central Minnesota city tax; taxes in the cities of Albert Lea, Baxter, Brainerd, Hermantown, Mankato, New Ulm, North Mankato, Proctor, Rochester, and Worthington; and the second local tax imposed by Cook County in 2009.

more than one tax rate. For example, if a zip code includes both a portion of Edina (with no local sales tax) and a portion of Minneapolis (with a half-cent local sales tax), the Minneapolis tax may not be collected. Nine-digit zip codes should be used, if available, to determine the tax rate. [Minn. Stat. § 297A.99](#), subd. 10.

Special Authority for First-class Cities

Notwithstanding the requirement that sales tax revenues only fund the projects explicitly specified in the enabling legislation, the 2012 Legislature granted authority to cities of the first class (Minneapolis, St. Paul, Duluth, and Rochester) to also use the revenues to fund certain large capital projects of regional significance without additional voter approval. These cities may use revenues that exceed the amount needed to pay for the financing of the specified capital projects to help fund a sports facility, convention center, or civic center that has a construction cost of at least \$40 million. [Minn. Stat. § 297A.9905](#).⁸

Transportation Local Sales Taxes Authorized by Statute

In 2008, the legislature enacted two new statutes to allow counties to impose local sales taxes to help fund transportation. The Metropolitan Transportation Area sales tax provision allowed any county in the Twin Cities seven-county metropolitan area, to join the Metropolitan Transportation Area, which imposed a tax in the area to fund transit projects. This provision is currently not used. The Greater Minnesota transportation sales and use tax provision allowed the remaining 80 counties in the state, plus any metropolitan area county not joining the metropolitan transit area to impose a tax singly or as part of a joint powers agreement to fund a specified transportation or transit project, or transit operations.

Metropolitan Transportation Area Sales Tax

Anoka, Dakota, Hennepin, Ramsey, and Washington counties, by resolution of their county boards, joined the now defunct Metropolitan Transportation Area joint powers agreement. Carver and Scott counties, although eligible, did not join the agreement. Scott County chose to impose its own separate tax under the Greater Minnesota transportation sales and use tax authority.

A 0.25 percent local sales tax was imposed in the counties that are part of the joint powers agreement. The tax did not expire unless the county withdraws from the joint powers agreement. The revenues raised were used for studies, property acquisition, capital projects, and operating assistance for transit projects.⁹ The five counties making up the joint powers agreement which imposed this tax voluntarily terminated the agreement on September 30, 2017. All of these

⁸ This authority was granted in the bill authorizing the use of the Minneapolis sales tax to fund a portion of the Vikings football stadium. The city of St. Paul is helping to finance a minor league baseball stadium from its existing tax.

⁹ For more detailed information on the structure and operation of the board and use of the sales tax revenues, please consult the House Research Information Brief [2008 Transportation Finance Legislation: Laws 2008, Chapter 152](#), pp. 22-24.

counties now impose a local transportation tax under the Greater Minnesota transportation sales and use tax authority instead. [Minn. Stat. § 297A.992](#).

Greater Minnesota Transportation Sales and Use Tax

Any county that is not part of the Metropolitan Transportation Area, which is now all 87 counties in the state, may singly or through a joint powers agreement, impose a local sales and use tax of up to one-half of 1 percent and a \$20 excise tax on commercial sales of motor vehicles to fund a transportation or transit project. In order to impose the tax, the county or counties must specify a project to be funded by the proceeds. Originally the tax had to be approved by the voters at a general election, but in 2013 this was changed to only require a county resolution to impose the tax. In 2013 the use of the tax was also expanded to allow it to pay for transit capital and operating costs and capital costs for a safe routes to school program, as well as specified transportation capital projects. Except in the cases where the tax is funding transit operating costs, the tax expires when the specific project is completed. The counties that have now imposed these transportation taxes are listed in Table 1.

Table 1
Counties Imposing a Transportation Sales and Use Tax

County	Date Tax Imposed	Tax Rate	Also Imposes a \$20 per Vehicle Excise Tax
Anoka*	10/1/2017	0.25%	Yes
Becker	7/1/2014	0.50%	No
Beltrami	4/1/2014	0.50%	Yes
Blue Earth	4/1/2016	0.50%	No
Brown	4/1/2016	0.50%	No
Carlton	4/1/2015	0.50%	Yes
Carver	10/1/2017	0.50%	Yes
Cass	4/1/2016	0.50%	No
Chisago	4/1/2016	0.50%	No
Cook	1/1/2017	0.50%	No
Crow Wing	4/1/2016	0.50%	No
Dakota*	10/1/2017	0.25%	Yes
Douglas	10/1/2014	0.50%	No
Fillmore	1/1/2015	0.50%	No
Freeborn	1/1/2016	0.50%	No
Hennepin*	10/1/2017	0.50%	Yes
Hubbard	7/1/2015	0.50%	No
Kandiyohi	4/1/2018	0.50%	Yes
Lake	4/1/2017	0.50%	No
Lyon	10/1/2015	0.50%	No

Table 1
Counties Imposing a Transportation Sales and Use Tax

County	Date Tax Imposed	Tax Rate	Also Imposes a \$20 per Vehicle Excise Tax
Mille Lacs	1/1/2017	0.50%	No
Morrison	1/1/2018	0.50%	No
Mower	1/1/2018	0.50%	No
Nicollet	1/1/2018	0.50%	No
Olmsted**	7/1/2017	0.50%	No
Ottertail	1/1/2016	0.50%	Yes
Pine	1/1/2017	0.50%	No
Polk	1/1/2018	0.25%	No
Ramsey*	10/1/2017	0.50%	Yes
Rice	1/1/2014	0.50%	No
St. Louis	4/1/2015	0.50%	Yes
Scott	10/1/2015	0.50%	Yes
Stearns	1/1/2018	0.25%	No
Steele	4/1/2015	0.50%	No
Todd	1/1/2015	0.50%	No
Wabasha	4/1/2016	0.50%	No
Wadena	4/1/2014	0.50%	No
Washington*	10/1/2017	0.25%	Yes
Winona	1/1/2017	0.50%	No
Wright	10/1/2017	0.50%	No

Notes:

* One of the counties that was part of the now defunct Metropolitan Transportation Area.

** Olmstead County originally imposed a tax of 0.25% on 1/1/2014 under Minnesota Statutes, section 469.46 to fund improvements related to the Destination Medical Center. The tax was increased to 0.50% in 2017 under the general law.

Other Local Sales Taxes

The following four tables show the general local sales taxes that have been authorized by the legislature for individual jurisdictions. *These tables do not include the transportation taxes imposed under general law that are listed in Table 1.* Table 2 contains the local sales taxes that are currently imposed. Table 3 lists the local sales taxes that were imposed but have expired. Table 4 lists the general local sales taxes that were authorized but never imposed. Table 5 lists taxes currently not imposed but still authorized.

More detailed information on the individual local sales taxes, listed in this information brief, including citations to the enabling and amending laws, is available on the sales tax area of our website at www.house.mn/hrd/hrd.aspx.

Table 2
Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Duluth – 1973	1.0%	City council approval	The tax may be used for any city purpose, as determined by the city council. No expiration date.
Rochester – 1983	0.5% until December 31, 2015 0.75% as of January 1, 2016	All but 1989 and 2013 extensions required voter approval at a general or special election	This tax has been renewed or extended six times, in 1989, 1992, 1998, 2005, 2011, and 2013. Initially enacted at 1.0% to raise \$16 million for a civic center and \$16 million for flood control; the rate was lowered to 0.5% in 1992. The 1998 extension allows the city to raise another \$76 million for various higher education, transportation, and sewer capital projects. The tax extension in the 2005 special legislative session allowed another \$40 million to be raised for a joint road project with Olmsted County. In 2011, the tax was extended again to fund an additional \$139.5 million in projects if approved by the voters at the 2012 general election. However, \$5 million of the new \$139.5 million must be shared with small cities surrounding Rochester for economic development purposes in those communities. In 2013, the city was granted authority to extend the tax to 2049 and/or increase the existing rate by one-quarter of 1.0% without a referendum to generate additional revenue to pay the city’s required match to get state aid to fund the Destination Medical Center (DMC) project. The city chose to increase the rate beginning January 1, 2016.
Minneapolis – 1986	0.5%	Approval of the city’s board of estimate and taxation, and after imposition of the local restaurant and lodging taxes	Fund construction and maintenance of the convention center. In 1992, the city was authorized to use excess proceeds for neighborhood early learning centers but the city has not done so. The tax expires when all bonds are paid off. In 2009, the use of the revenue was modified to allow the city to use revenues collected in excess of the convention center bond payments for other city purposes. For CY 2009 and 2010, the excess revenues could be used for any purpose. Beginning in CY 2011, the excess revenues could only be used to fund capital projects to further economic development. In 2012, the tax was extended to 2046 without a referendum to help fund the city’s share of a new football stadium. Beginning in 2021, when the current convention center bonds are paid off, the state will annually retain a portion of the city’s sales tax revenues to reimburse it for the city’s share of the stadium costs. Excess revenue not needed to pay off the convention center bonds or the football stadium may be used to support a basketball arena as well as fund other economic development capital projects in the city.

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Mankato – 1991	0.5%	Reverse referendum for initial approval invoked by petition of 10% of voters in the 1992 general election; the 2017 change was approved at the 2016 general election	To fund capital and operations of the Riverfront project, including a sports arena. In 1996 this was expanded to allow \$4.5 million for an airport project. The tax was extended again in the 2005 special legislative session to allow up to \$1.5 million annually to fund operating costs of the Riverfront facility based on approval by the voters at a general or special election. The tax was to expire no later than 2018. In 2008 the allowed uses of the tax were modified to exclude operating costs and include capital costs of an attached performing arts theatre and a women’s hockey exposition center used by Minnesota State University, Mankato. The expiration date was moved to December 31, 2022. A reverse referendum for these changes could have been invoked by a petition of 10% of the voters at the 2008 general election. In 2009, the requirement that the performing arts center and hockey center be attached to the Riverfront facility was removed. In 2017, the city was allowed to extend the tax to pay for up to an additional \$47 million in various recreational, transit, water, and other capital projects of regional significance. The tax will now expire at the earlier of (1) when revenues are sufficient to pay for the projects and associated bond costs, or (2) December 31, 2038.
St. Paul – 1993	0.5%	A city resolution passed before July 1, 1993, stating the intent to impose the tax	40% must be used to fund capital costs of the civic center, which includes the hockey arena; the remainder may be used for other neighborhood projects. The allowed uses of the remaining 60% of the revenues have been modified over time, most recently in 2009. In 2013 the law was amended to allow any excess of the 40% amount not needed for the civic center and hockey arena to go into an economic development fund rather than neighborhood projects. This allows excess revenues to be used to fund a minor league ballpark. The tax was set to expire December 31, 2030, but the 2013 law extended it to December 31, 2042.
Hermantown – 1996	0.5% Changed to 1.0% on April 1, 2013	Required voter approval at a general or special election for original; increase approved at 2012 general election; the 2017 extension was approved at the 2016 general election	The projects included water and sewer projects and a police/fire station. The tax expires at the later of ten years or when sufficient funds have been raised for the three projects. A 2008 provision added water system improvements to the list of approved projects. In 2011 the city was given authority to increase the tax by an additional 0.5% if approved at the 2012 general election because the original authority had been to impose <i>up to</i> a 1.0% tax and the revenues from the 0.5% tax were insufficient to fund the authorized projects. In 2017, the city was allowed to use tax revenues to fund a city wellness center and the expiration date was changed to the earlier of (1) when revenues are sufficient to fund the authorized projects, or (2) December 31, 2036.
Two Harbors – 1998	0.5%	Required voter approval at the 1998 general election	The projects included sewer separation, wastewater treatment, and harbor development projects. The tax expires when sufficient funds have been raised for the three projects.

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Proctor – 1999	0.5% Changed to 1.0% on October 1, 2017	Required voter approval at a special election held November 2, 1999	Funded community center and transportation projects. Tax expires when sufficient funds to pay for up to \$3.6 million in bonds for the center have been raised. A 2008 provision allowed up to another \$7.2 million in capital projects in the areas of public utilities, sidewalks, bikeways and trails, and parks and recreation. In 2010 legislation was introduced to replace the two separate bond authorities of \$3.6 million and \$7.2 million with one authority for \$20 million, but the final provision signed into law replaced it with a combined authority of \$10 million. In 2017, the tax rate was allowed to increase to 1.0% but the amount allowed to be raised before the tax expires remains unchanged.
New Ulm – 1999	0.5%	Required voter approval at the 1999 general election; the 2017 change was approved at the 2016 general election	Funded a civic and community center project. Tax expires when sufficient funds to pay for up to \$9 million in bonds for the center have been raised. In 2017, the city was allowed to use the tax to pay for an additional \$14.8 million in bonds to fund a number of recreational facilities with the expiration of the tax delayed until revenues are sufficient to pay off these new bonds.
Central Minnesota Cities – 2002 (includes St. Cloud, Sauk Rapids, Sartell, St. Augusta, St. Joseph, and Waite Park)	0.5%	Required voter approval at a general election in each city	Funded improvements of the St. Cloud airport and other capital projects in each city. The authorizing referenda in St. Joseph and Waite Park originally failed so the tax was not imposed in those cities, but in 2005, Waite Park was allowed to impose the tax based on a successful 2004 referendum. In 2005, the group of cities was allowed to replace this tax with an identical tax to fund a new regional library in St. Cloud and other capital projects in each city. Imposition required voter approval at a general election, which passed in all cities, including St. Joseph. The tax was to expire in 2018, however, during the 2013 legislative session, each city was granted authority to extend the tax until 2038, provided it was approved at a local referendum by November 7, 2017. The referendum authorizing the extension must list the additional projects to be funded.
Albert Lea – 2005	0.5%	Required voter approval at the 2006 general election, or a special election on November 8, 2005	Fund a lake improvement project. Expires at the earlier of ten years or when \$15 million is raised. In 2014, the ten-year expiration date was extended to 15 years after the date imposed, because the annual revenues generated have been less than expected. In 2017, the 15 year termination date was extended to the earlier of 30 years or when \$30 million is raised.
Bemidji – 2005	0.5%	Based on voter approval at the 2002 general election	Fund park and trail improvements. Expires when revenues are raised to pay \$9.826 million in bonds.

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Worthington – 2005	0.5%	Voter approval by a general election held before December 31, 2009	Fund construction of a community center and renovations to the Memorial Auditorium. Expires at the earlier of ten years or when revenues raised are sufficient to pay \$6 million in bonds. The original law required that the authorizing referendum to impose the tax be held at the 2006 general election but this was changed during the 2006 session to allow the referendum to be held at a later date. In 2014 the city was granted authority to extend the tax through 2039 without voter approval, provided that it uses additional revenue to pay for the city’s share of the local match needed to get state aid to fund the Lewis and Clark water project. In 2017, the city was allowed to extend the tax to fund an additional \$1.3 million in bonds, subject to a reverse referendum, to construct public athletic facilities.
Austin – 2006	0.5%	Voter approval at a general or special election before January 1, 2007	Fund flood mitigation projects. Expires at the earlier of 20 years or when revenues are sufficient to pay \$14 million in bonds. Any excess revenue is deposited in the city general fund.
Baxter – 2006	0.5%	Based on voter approval at the 2004 general election	Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and a fire substation for Baxter. Expires at the earlier of 12 years or when revenues are sufficient to pay \$15 million in bonds. Any excess revenue is deposited in the city capital project fund. The tax was set to expire in early 2015, however in 2014 the law was modified to allow the city to extend the tax to December 31, 2037, to fund payment of up to an additional \$40 million in bonds if approved by voters at the 2014 general election. \$8 million of the additional spending must be used on improvements to the Brainerd Lakes Area Airport with the remainder available for sanitary and storm sewer projects and transportation safety improvements.
Brainerd – 2006	0.5%	Based on voter approval at the 2004 general election	Fund joint water and wastewater facilities for the cities of Baxter and Brainerd and trail improvements. Expires at the earlier of 12 years or when revenues are sufficient to pay \$15 million in bonds. Any excess revenue is deposited in the city capital project fund. In 2014 the law was modified to allow the city to extend the tax for an additional 18 years and spend another \$15 million for water and wastewater infrastructure and trails if approved by voters at the 2014 general election. The extension was set to coincide with the extension authorized in the neighboring city of Baxter.
Hennepin County – 2006	0.15%	No voter approval required	Fund up to \$260 million in costs for a baseball stadium plus up to \$4 million annually (adjusted for inflation) to fund youth, youth sports, and county libraries. Expires when the stadium bonds are paid off or when reserves from the tax are sufficient to pay the bonds. In 2011 the law was modified to include a definition of “sufficient reserves.”

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Clearwater – 2008	0.5%	Based on voter approval at the 2006 general election	Fund the acquisition, construction, and improvement of a pedestrian bridge and land and buildings for a community recreation center. In 2011 the allowed uses were expanded to include park and recreation projects contained in the city’s adopted 2006 improvement plan. In 2013 the projects included in the 2006 improvement plan were explicitly listed in the law since the city had never formally adopted the 2006 plan. Expires at the later of 20 years after imposition or when revenues are sufficient to fund \$12 million in bonds. Any excess revenue is deposited in the city general fund.
Cook County – 2008	1.0%	Voter approval at a general or special election before December 31, 2009	Fund the construction and improvements to a county community center and recreation area, including a skateboard park, hockey rink, ball fields, tennis courts, and associated improvements and the Grand Marais public library. Expires at the later of 20 years after imposition or when revenues are sufficient to fund \$14 million in bonds. Any excess revenue is deposited in the county general fund. In 2009 the authority to use revenues for a skateboard park, hockey rink, ball fields, and tennis courts was eliminated, and the use was expanded to include construction and improvement of a high-speed communication infrastructure network and a district energy plant for public facilities in Grand Marais. The bonding authority was increased from \$14 million to \$20 million.
North Mankato – 2008	0.5%	Based on voter approval at the 2006 general election; the 2017 change was approved at the 2016 general election	Fund up to \$6 million in capital costs for the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project, the Taylor library, regional parks and trails, riverfront development, and lake improvement projects. Expires when revenues are sufficient to fund the \$6 million in bonds plus associated bond costs. Any excess revenue is deposited in the city capital project fund. In 2017, the city was allowed to fund up to an additional \$9 million in bonds to fund regional athletic facilities with the tax terminating at the earlier of (1) when revenues are sufficient to fund the authorized projects, or (2) December 31, 2038.
Hutchinson – 2011	0.5%	Based on voter approval at the 2010 general election	Fund the costs of constructing the city’s water treatment facility and renovating the city’s wastewater treatment facility. Expires at the earlier of 18 years or when revenues are sufficient to pay for the projects and associated bond costs. Any excess revenue is deposited in the city general fund.
Lanesboro – 2011	0.5%	Based on voter approval at the 2010 general election	Fund up to \$800,000 in improvements to the local dam, city streets and utilities, and municipal buildings. Expires when revenues are sufficient to fund the projects plus associated bond costs. Any excess revenue is deposited in the city general fund.

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Cloquet – 2011	0.5 %	Voter approval at a general election	Fund up to \$16.5 million in park and specified infrastructure improvements. The tax expires at the earlier of 30 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs.
Marshall – 2011	0.5%	Voter approval at a general election within two years	Fund up to \$17.29 million in costs of an emergency response and industry training center and regional amateur sports center. The tax expires at the earlier of 15 years after imposition, or when revenues are sufficient to fund the authorized projects and associated bond costs.
Medford – 2011	0.5%	Voter approval at the 2012 general election	To repay up to \$4.2 million in loans from the Minnesota Public Facilities Authority to improve the city's water and wastewater treatment facilities. The tax expires at the earlier of 20 years after imposition, or when revenues are sufficient to repay the loans.
Olmsted County – 2013	0.25%	Approval by the county board	To fund the county's match required to fund public transit for the Destination Medical Center (DMC) project. A wheelage tax of \$10 per vehicle was also imposed. The taxes expire December 31, 2049, or earlier if sufficient revenues are collected to meet the county match. The county may use excess funds collected in any year, beyond what is needed to meet the DMC match, for other county transportation and transit projects.
East Grand Forks – 2017	1.0%	Approved at a special election held March 7, 2016	Fund up to \$2.82 million in bonds to finance improvement to the city swimming pool. Expires at the earlier of 25 years after imposition or when the revenues are sufficient to pay the bonds.
Fairmont – 2017	0.5%	Approved at the 2016 general election	Fund up to \$15 million in various recreational projects including a community center and trails. Expires at the earlier of 25 years after imposition or when the revenues are sufficient to pay for the projects and associated bond costs.
Fergus Falls – 2017	0.5%	Approved at the 2016 general election	Fund up to \$9.8 million in bonds to expand and improve the public library. Expires at the earlier of 12 years after imposition or when the revenues are sufficient to pay the bonds.
Moose Lake – 2017	0.5%	Approved at the 2012 general election	Fund up to \$3 million in bonds for parks, street, and municipal arena improvements. Expires at the earlier of 20 years after imposition or when the revenues are sufficient to pay the bonds.
New London – 2017	0.5%	Approved at the 2016 general election	Fund up to \$872,000 of capital projects including construction of a library, community room, and ambulance bay, and improvements to a senior citizen center. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$872,000 plus the associated bond costs.
Spicer – 2017	0.5%	Approved at the 2016 general election	Fund \$800,000 in bonds to finance improvements for public safety, parks and trails, and community facilities. Expires at the earlier of ten years after imposition or when the revenues are equal to \$800,000 plus the associated bond costs.
Walker – 2017	1.5%	Approved at the 2012 general election	Fund up to \$20 million in bonds for street, gutter, and sidewalk projects. Expires at the earlier of 20 years after imposition or when the revenues are equal to the project costs plus the associated bond costs.

Table 2, cont.

Currently Imposed Local Sales Taxes

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Clay County – 2017	0.5%	Approved at the 2016 general election	Fund up to \$52 million in bonds for a new correctional facility, law enforcement center, and associated parking. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$52 million plus the associated bond costs.
Garrison, Kathio, West Mille Lacs Lake Sanitary District – 2017	1.0%	Approved at the 2016 general election	Repay up to \$10 million in bonds and other debt related to the sewer service agreement between the district and ML Wastewater Inc., including sewer extension costs. Expires at the earlier of 20 years after imposition or when the revenues are equal to \$10 million plus the associated bond costs.

Table 3

Local Sales Taxes That Were Imposed But Have Expired

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Cook County – 1993	1.0%	Required voter approval at a general or special election	Originally set to expire when \$4 million was raised for the Cook County hospital. Extended in 1997 to allow an additional \$2.2 million to be raised for the North Shore care center. Expired April 1, 2008.
Willmar – 1997	0.5%	Required voter approval at the 1996 general election	Funded library improvements. Expired December 31, 2001, after \$4.5 million was raised.
Winona – 1998	0.5%	Required voter approval at the 1998 general election	Dredged Lake Winona. Expired December 31, 2001, after raising \$4.0 million.
Willmar – 2005	0.5%	Based on voter approval at the 2004 general election	Funded an airport, park and trails, and civic center improvement projects. Expired at the later of seven years or when revenues raised are sufficient to pay \$8 million in bonds. Any excess revenue is deposited in the city general fund. Expired December 31, 2012.
Owatonna – 2006	0.5 %	Required voter approval at the 2006 general election	Funded transportation projects, regional parks and trails, a fire hall, and library improvements. Expired at the earlier of ten years or when revenues are sufficient to pay \$12.7 million in bonds. Expired June 30, 2011.
Fergus Falls – 2011	0.5%	Based on voter approval at the 2010 general election	Funded up to \$6 million in costs related to a community ice arena facility. Expired when revenues raises are sufficient to finance the facility and pay associated bond costs. Any excess revenue is deposited in the city general fund. Expired December 31, 2016.

Table 4
Authorized Local Sales Taxes That Were Never Imposed

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Bloomington – 1986	1.0%	City council approval	Mall of America site improvements. This tax was only authorized for sales at the Mall of America site. The city did not impose the tax before legislative authority was repealed in 1987.
Thief River Falls – 1992	0.5%	Voter approval at the 1992 general election	Tourism and convention facilities. Referendum not held and authority expired.
Ely – 1992	1.0%	Voter approval at the 1992 general election	Wilderness Gateway project. The imposition of the tax was defeated at the required referendum.
Garrison – 1993	0.5%	Voter approval at a general or special election	City sewer system project. The referendum was never held. This authority was finally repealed in 2014.
Detroit Lakes – 1998	0.5%	Voter approval at the 1998 general election	Community center. The imposition of the tax was defeated at the required referendum.
Fergus Falls – 1998	0.5%	Voter approval at the 1998 general election	Convention and recreational center. The imposition of the tax was defeated at the required referendum.
Owatonna – 1998	0.5%	Voter approval at the 1998 general election	Owatonna Economic Development 2000 project. The imposition of the tax was defeated at the required referendum. New authority was enacted in 2006 to fund a number of capital projects (see Table 1).
Hutchinson – 1998	0.5%	Voter approval at a 1998 general or special election	Civic center and recreational facilities. The imposition of the tax was defeated at the required referendum.
Bemidji – 1998	1.0%	Voter approval at the 1998 general election	Convention center. Referendum not held and the authority expired. In 2005 new authority was enacted to fund park and trail improvements (see Table 1).
Central Minnesota Cities – 1998 (includes St. Cloud, Sauk Rapids, Sartell, St. Joseph, and Waite Park)	1.0%	Each city had to get voter approval at the 1999 general election	Central Minnesota Events Center and other regional infrastructure projects. The imposition of the tax was defeated at the required referendum in all cities except Sartell. New authority for a local sales tax in these cities was enacted in 2002 to fund airport and other improvements (see Table 1).
Winona – 2005	0.5%	Voter approval at a general election	Fund transportation projects. The imposition of the tax was defeated at the required referendum.
Winona – 2008	0.5%	Voter approval at a general or special election held before December 31, 2009	Fund up to \$8 million in street improvements. The referendum was never held.
Luverne – 2014	0.5%	City council approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the city’s share of the local match may be used to fund other capital projects in the city. The city never filed the required approval with the secretary of state so the authority has lapsed.

Table 4, cont.

Authorized Local Sales Taxes That Were Never Imposed

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/Other Comments
Nobles County – 2014	0.5%	County board approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county's share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Worthington while the city's current 0.5% sales tax is in effect. In 2015 the state fully financed the next stage of the water project so this tax never needed to be imposed.
Rock County – 2014	0.5%	County board approval	Fund the local government match to qualify for state aid to finance the Lewis and Clark water project. Revenues generated in any year in excess of the amount needed to fund the county's share of the local match may be used to fund other capital projects in the county. The county also has the option to impose the tax only in the portion of the county outside of the city of Luverne, if that city chooses to impose a 0.5% sales tax to fund this project as well. In 2015 the state fully financed the next stage of the water project so this tax never needed to be imposed.

Table 5

Local Sales Taxes Authorized But Not Yet Imposed

Taxing Jurisdiction & Year Authorized	Rate	Approval required	Use of Revenues/ Other Comments
Bloomington – 2008	0.5% – 1.0%	City council must charter a special taxing district	The city of Bloomington is allowed to charter a special taxing district in the Mall of America area and impose a sales tax in the district to fund parking facilities and other public improvements related to the Mall of America Phase II. In 2010 the requirement that the rate be between 0.5% and 1.0% was modified to allow a rate below 0.5%. The tax has not yet been imposed and the authority has no expiration date.