

**Local Sales and Use Taxes**

Fact Sheet

**Sales Tax Fact Sheet 164****What's New in 2017**

## Starting January 1, 2018:

- East Grand Forks will have a 1.0 percent Sales and Use Tax
- Fergus Falls will have a 0.5 percent Sales and Use Tax
- Garrison, Kathio, West Mille Lacs Sanitary District (GKWMLL Sanitary District) will have a 1.0 percent Sales and Use Tax
- Mower County will have a 0.5 percent Transit Sales and Use Tax
- Morrison County will have a 0.5 percent Transit Sales and Use Tax
- Nicollet County will have a 0.5 percent Transit Sales and Use Tax
- Polk County will have a 0.25 percent Transit Sales and Use Tax
- Stearns County will have a 0.25 percent Transit Sales and Use Tax
- Walker will have a 1.5 percent Sales and Use Tax

## October 1, 2017:

- Anoka County has a 0.25 percent Transit Sales and Use Tax
- Carver County has a 0.5 percent Transit Sales and Use Tax
- Clay County has a 0.5 percent Sales and Use Tax
- Dakota County has a 0.25 percent Transit Sales and Use Tax
- Fairmont has a 0.5 percent Sales and Use Tax
- Hennepin County has a 0.5 percent Transit Sales and Use Tax
- Moose Lake has a 0.5 percent Sales and Use Tax
- New London has a 0.5 percent Sales and Use Tax
- Proctor Sales and Use Tax increased to 1.0 percent (from 0.5 percent)
- Ramsey County has a 0.5 percent Transit Sales and Use Tax
- Spicer has a 0.5 percent Sales and Use Tax
- Washington County has a 0.25 percent Transit Sales and Use Tax
- Wright County has a 0.5 percent Transit Sales and Use Tax

## Ending September 30, 2017:

- Transit Improvement Area Tax (includes the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington) will end on September 30, 2017.

## July 1, 2017:

- Olmsted County Transit Sales and Use Tax did increase to 0.5 percent (from 0.25 percent).

## April 1, 2017:

- Lake County has a 0.5 percent Transit Sales and Use Tax

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## Local Sales and Use Taxes (see the table on page 5 for a listing of the local taxes)

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### Local sales tax

The Minnesota Department of Revenue currently administers the local taxes shown in the chart on pages 5-7. Local sales tax applies to retail sales made and taxable services provided within the local taxing area. The tax applies to the same items that are taxed by Minnesota Sales and Use Tax law.

To figure the tax, combine the state tax rate and the local rates. Apply the combined rate to the taxable sales price and round to the nearest full cent. Rate charts are available on our website or upon request.

Report local taxes when you electronically file your Minnesota sales and use tax. The figures are reported separately from state taxes.

### Who is required to collect local tax

All retailers who are registered to collect Minnesota sales tax and are doing business in an area with a local tax must be register to collect that local tax. This includes any sellers from outside the locality who:

- have an office, distribution, sales, sample, or warehouse location, or other place of business in the local area either directly or by a subsidiary
- have a representative, agent, salesperson, canvasser, or solicitor in the local area, on either a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's goods or services, or leasing tangible personal property in the local area
- ship or deliver tangible personal property in your own vehicle to the local area
- perform taxable services in the local area

Local tax applies to sales made or services performed within city limits or county boundaries only. ZIP Codes help to determine the taxing area, but don't always correspond exactly with city or county limits, so part of a ZIP Code may be outside the city or county. (See the "ZIP Codes" section on page 4.)

### Local use tax

Local use tax applies when you buy items or services for use, storage, distribution, or consumption in the local area without paying local sales tax to the seller. Use tax is similar to sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of when use tax is due:

- You buy items outside the local area and the seller doesn't charge local sales tax, and you use or store the item in the local area.

- You buy a taxable item from an out-of-state seller who does not charge local sales tax.

For more information, see Fact Sheets 146, *Use Tax for Businesses*, and 156, *Use Tax for Individuals*.

**Credit for local tax paid.** If you pay local sales tax in Minnesota to one locality but use the items in another area that imposes local sales and use tax, you are allowed credit for the local sales tax already paid.

### Ways to register

You may register for local taxes when filing your Sales and Use Tax return in e-Services.

1. Select the dropdown arrow next to the blank row on the return.
2. Select the local tax that you need to add.
3. Enter the dollar amount for this local tax.

If you file by phone, you must register for local tax before you file your return. Call 651-282-5225 or 1-800-657-3605 (toll-free).

You can email us at [salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us) to register. If you send us an email, include your Minnesota Tax ID number.

### When to charge local tax

As a general rule, charge local sales tax on all sales made in a local taxing area that are subject to Minnesota state sales tax.

- Charge local sales tax to customers from outside the city or county who pick up items in the local area for business or personal use, even if the items are taken out of the local area.
- Charge local sales tax to customers from outside the local area if you perform taxable services in the local area. For example, charge local tax if you perform a car wash or deliver dry cleaned items in an area with a local tax.

### Exemptions

Do not charge local sales tax on sales of taxable items when:

- your customer gives you a completed Form ST3, *Certificate of Exemption*
- you ship or deliver the items to your customer outside the local area
- you sell direct-to-home satellite (DBS) services (not cable). These services are subject to state sales tax, but not local sales tax. This is a federal preemption from the Telecommunications Act of 1996.

**Federal government agencies** are exempt from state and local sales and use taxes.

**Minnesota state agencies** have Direct Pay authorization when buying tangible items, which means that they do not pay sales tax to the seller—they pay use tax directly to the state.

**Local governments** including cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts, and governmental boards are not required to pay general local sales taxes. No exemption certificate is necessary. Cities, counties, and towns do not pay the state sales tax on most purchases. For more information, see Fact Sheet 142, *Sales to Governments*.

**Vehicle leases**

**Long-term leases.** If you enter into a long term lease for a vehicle that is principally based or garaged in an area with local sales tax, local sales tax applies. The local tax applies even if the leasing company is located outside the city or county.

If the lease is for a vehicle that requires an up-front payment of state sales tax, local tax is also due up-front, if the vehicle is principally garaged in the local area.

**Short-term rentals.** Vehicles leased or rented under agreements for less than 29 days are subject to local tax if the lease agreement is entered into in the local taxing area, even if the lessee intends to use the vehicle outside the city or county.

**Vehicle sales**

Local sales tax does not apply to sales of motor vehicles. However, **\$20 vehicle excise tax** applies to sales of motor vehicles when the sale occurs in a county listed in the table below.

**Special local taxes**

The Minnesota Department of Revenue also administers special local taxes that are imposed in Detroit Lakes, Giants Ridge Recreation Area, Mankato, Minneapolis, Proctor Rochester, St. Cloud, and St. Paul.

The city of Detroit Lakes imposes a 1 percent Food and Beverage tax. Giants Ridge Recreation Area imposes a 2 percent Admissions and Recreation tax; a 1 percent Food and Beverage tax; and a 2 percent Lodging tax. The city of Mankato imposes a 0.5 percent Food and Beverage tax; and a 0.5 percent Entertainment tax. The city of Proctor imposes a 1 percent Food and Beverage tax. St. Cloud imposes a 1 percent tax on liquor and food sold at restaurants and “places of refreshment” located within the city limits. Minneapolis, Rochester, and St. Paul impose various lodging taxes administered

County	Effective Date
Anoka*	10/1/2017
Beltrami	4/1/2014
Carver	10/1/2017
Carlton, St. Louis	4/1/2015
Dakota*	10/1/2017
Hennepin*	10/1/2017
Otter Tail	1/1/2016
Ramsey*	10/1/2017
Scott	10/1/2015
Transit Improvement Area*	7/1/2008
Washington*	10/1/2017

\*The Transit Improvement Area Tax (includes the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington) ends September 30, 2017. Starting October 1, 2017, each county will have their own \$20 vehicle excise tax.

This excise tax must be collected by any person in the business of selling new or used motor vehicles at retail and must be submitted to the Minnesota Department of Revenue on your Minnesota Sales and Use Tax return.

Motor vehicle means any self-propelled vehicle required to be licensed for road use and any vehicle propelled or drawn by a self-propelled vehicle required to be licensed for road use. It includes, but is not limited to, cars, vans, pickups, trucks, truck-tractors, tractors, trailers, motor homes, and motor cycles.

**Note:** An excise tax of \$20 also applies to sales of vehicles made by dealers located within Baxter, Brainerd, Clearwater, Hutchinson, Mankato, New Ulm, Rochester and Worthington. For more information, contact the city offices directly. The Department of Revenue does not administer the excise tax for these cities.

by the Department of Revenue. Minneapolis imposes a city wide 3 percent entertainment tax. Special 3 percent restaurant and 3 percent liquor taxes apply in the Minneapolis downtown taxing district.

See Fact Sheets 164M, Minneapolis Special Taxes and 164S, Special Local Taxes, for more information about special local taxes administered by the Department of Revenue.

**Lodging taxes**

Many Minnesota cities, towns, and areas impose a lodging tax. Except for the ones listed in the chart, these taxes are not administered by the Minnesota Department of Revenue. All questions should be directed to the city or town imposing the tax.

## Examples of when to charge local tax

In the examples below, Minnesota state tax always applies. Local tax applies as indicated.

- A Duluth company sells items to a Hermantown company. The Duluth company delivers the items to Hermantown in their own truck. The Duluth company is required to collect the Hermantown and the St. Louis County Transit Sales and Use Tax.
- A contractor buys and picks up materials in a city with a local tax for use in an area without a local tax. Since the materials are picked up in the city with a local tax, that city's local sales tax applies. If the materials are delivered by the seller to the construction site, no local tax is due.
- A North Dakota contractor buys there and pays the North Dakota tax. The materials are brought into Minnesota to be used at a construction site in Bemidji. Bemidji local use tax is due. (Also, since North Dakota's tax rate is lower than Minnesota's rate, the difference is due as Minnesota state use tax.)
- A person sells at a craft show located in a city with a local tax and customers take possession of the items in that city. Since the sales are being made in a city with a local tax, the seller must collect the local tax. This is true even if the seller is from outside the city.
- A photographer takes pictures at a site where there is no local tax. The customer picks up the photos at the photographer's studio in a city with a local tax. Local tax is due because the customer takes possession of the photos in a city with a local tax. If the photographer mails the photos to an area with no local tax, no local tax is due.

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## ZIP Codes

You can use the **Sales Tax Rate Calculator** to help you determine the sales tax rate. You can find the calculator on our website. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **sales tax calculator** into the Search box.

**Note:** the rate calculator **does not include special local taxes** (lodging, entertainment, liquor, admissions, and restaurant taxes).

For information, see:

[Fact Sheet 164S, \*Special Local Taxes\*](#)

[Fact Sheet 164M, \*Minneapolis Special Local Taxes\*](#)

The general ZIP Code area for each local tax is listed in the **Local Tax Guide – ZIP Codes, Cities, and Towns** on our website. Unfortunately, ZIP Codes do not correspond exactly with city/county limits. To be sure you are getting the correct results for the specific address you are looking up, use the sales tax rate calculator on our website.

### Legal References

Minnesota Statutes 297A.63, Use Taxes Imposed; Rates  
Minnesota Statutes 297A.95, Coordination of state and local sales tax rates

Minnesota Statutes 297A.98, Local governments exempt from local sales taxes

Minnesota Statutes 297A.99, Local sales taxes

### Other Fact Sheets

142, Sales to Government

146, Use Tax for Businesses

156, Use Tax for Individuals

164M, Minneapolis Special Local Taxes

164S, Special Local Taxes

## Local Sales and Use Taxes (and Special Local Taxes)

City/County	Type of Tax	Begin Date	Rate
Albert Lea	Sales and Use Tax	4/1/06	0.50%
Anoka County	Transit Sales and Use Tax	10/1/17	0.25%
Austin	Sales and Use Tax	4/1/07	0.50%
Baxter	Sales and Use Tax	10/1/06	0.50%
Becker County	Transit Sales and Use Tax	7/1/14	0.50%
Beltrami County	Transit Sales and Use Tax	4/1/14	0.50%
Bemidji	Sales and Use Tax	1/1/06	0.50%
Blue Earth County	Transit Sales and Use Tax	4/1/16	0.50%
Brainerd	Sales and Use Tax	4/1/07	0.50%
Brown County	Transit Sales and Use Tax	4/1/16	0.50%
Carlton County	Transit Sales and Use Tax	4/1/15	0.50%
Carver County	Transit Sales and Use Tax	10/1/17	0.50%
Cass County	Transit Sales and Use Tax	4/1/16	0.50%
Chisago County	Transit Sales and Use Tax	4/1/16	0.50%
Clay County	Sales and Use Tax	10/1/17	0.50%
Clearwater	Sales and Use Tax	10/1/08	0.50%
Cloquet	Sales and Use Tax	4/1/13	0.50%
Cook County	Sales and Use Tax Transit Sales and Use Tax	4/1/10 (1) 1/1/17	1.00% 0.50%
Crow Wing County	Transit Sales and Use Tax	4/1/16	0.50%
Dakota County	Transit Sales and Use Tax	10/1/17	0.25%
Detroit Lakes	Food and Beverage Tax*	4/1/11	1.00%
Douglas County	Transit Sales and Use Tax	10/1/14	0.50%
Duluth	Sales and Use Tax	1/1/70 (2)	1.00%
East Grand Forks	Sales and Use Tax	1/1/18	1.00%
Fairmont	Sales and Use Tax	10/1/17	0.50%
Fergus Falls	Sales and Use Tax	1/1/12 – 12/31/16 1/1/18	0.50% 0.50%
Fillmore County	Transit Sales and Use Tax	1/1/15	0.50%
Freeborn County	Transit Sales and Use Tax	1/1/16	0.50%
Garrison, Kathio, West Mille Lacs Sanitary District (GKWMLL Sanitary District)	Sales and Use Tax	1/1/18	1.0%
Giants Ridge Recreation Area	Admissions and Recreation Tax* Food and Beverage Tax* Lodging Tax*	7/1/11 7/1/11 7/1/11	2.00% 1.00% 2.00%
Hennepin County	Sales and Use Tax Transit Sales and Use Tax	1/1/07 10/1/17	0.15% 0.50%
Hermantown (2)	Sales and Use Tax Sales and Use Tax	4/1/13 1/1/00 – 3/31/13	1.00% 0.50%
Hubbard County	Transit Sales and Use Tax	7/1/15	0.50%
Hutchinson	Sales and Use Tax	1/1/12	0.50%
Lake County	Transit Sales and Use Tax	4/1/17	0.50%

City/County	Type of Tax	Begin Date	Rate
Lanesboro	Sales and Use Tax	1/1/12	0.50%
Lyon County	Transit Sales and Use Tax	10/1/15	0.50%
Mankato	Sales Tax	4/1/92	0.50%
	Use Tax	1/1/00	0.50%
	Food and Beverage Tax*	4/1/09	0.50%
	Entertainment Tax*	4/1/09	0.50%
Marshall	Sales and Use Tax	4/1/13	0.50%
	Food and Beverage Tax*	7/1/13	1.50%
Medford	Sales and Use Tax	4/1/13	0.50%
Mille Lacs County	Transit Sales and Use Tax	1/1/17	0.50%
Minneapolis	Sales and Use Tax	2/1/87	0.50%
	Downtown Liquor Tax*	2/1/87	3.00%
	Lodging Tax*	10/1/17 (3)	2.125%
	Lodging Tax*	4/1/02 – 9/30/17	2.625%
	Downtown Restaurant Tax*	2/1/87	3.00%
	Entertainment Tax*	10/1/69	3.00%
Moose Lake	Sales and Use Tax	10/1/17	0.50%
Morrison County	Transit Sales and Use Tax	1/1/18	0.50%
Mower County	Transit Sales and Use Tax	1/1/18	0.50%
New London	Sales and Use Tax	10/1/17	0.50%
New Ulm	Sales and Use Tax	4/1/01	0.50%
Nicollet County	Transit Sales and Use Tax	1/1/18	0.50%
North Mankato	Sales and Use Tax	10/1/08	0.50%
Olmsted County	Transit Sales and Use Tax	7/1/17 (7)	0.50%
	Transit Sales and Use Tax	1/1/14 – 6/30/17	0.25%
Otter Tail County	Transit Sales and Use Tax	1/1/16	0.50%
Owatonna	Sales and Use Tax	4/1/07 – 6/30/11	0.50%
Pine County	Transit Sales and Use Tax	1/1/17	0.50%
Polk County	Transit Sales and Use Tax	1/1/18	0.25%
Proctor	Sales and Use Tax (8)	10/1/17	1.00%
	Sales and Use Tax	4/1/00 – 9/30/17	0.50%
	Food and Beverage Tax*	4/1/15	1.00%
Ramsey County	Transit Sales and Use Tax	10/1/17	0.50%
Rice County	Transit Sales and Use Tax	1/1/14	0.50%
Rochester	Sales and Use Tax (6)	1/1/16	0.75%
	Sales and Use Tax	1/1/93 – 12/31/15	0.50%
	Lodging Tax*	9/1/71 (5)	7.00%
Spicer	Sales and Use Tax	10/1/17	0.50%
St. Cloud Area (4)	Sales and Use Tax	1/1/03	0.50%
St. Cloud	Liquor Tax*	2/1/87	1.00%
	Food Tax*	2/1/87	1.00%
St. Louis County	Transit Sales and Use Tax	4/1/15	0.50%
St. Paul	Sales Tax	9/1/93	0.50%
	Use Tax	1/1/00	0.50%
	Lodging Tax 50+ rooms*	4/1/04	6.00%
	Lodging Tax less than 50 rooms*	4/1/04	3.00%
Scott County	Transit Sales and Use Tax	10/1/15	0.50%

City/County	Type of Tax	Begin Date	Rate
Stearns County	Transit Sales and Use Tax	1/1/18	0.25%
Steele County	Transit Sales and Use Tax	4/1/15	0.50%
Todd County	Transit Sales and Use Tax	1/1/15	0.50%
Transit Improvement Area (includes the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington)	Sales and Use Tax	7/1/08 – 9/30/2017	0.25%
Two Harbors	Sales and Use Tax	4/1/99	0.50%
Wabasha County	Transit Sales and Use Tax	4/1/16	0.50%
Wadena County	Transit Sales and Use Tax	4/1/14	0.50%
Walker	Sales and Use Tax	1/1/18	1.50%
Washington County	Transit Sales and Use Tax	10/1/17	0.25%
Willmar	Sales and Use Tax	1/1/06 – 12/31/12	0.50%
Winona County	Transit Sales and Use Tax	1/1/17	0.50%
Wright County	Transit Sales and Use Tax	10/1/17	0.50%
Worthington	Sales and Use Tax	4/1/09	0.50%

- (1) Cook County Sales and Use Tax resumed 4/1/10.
- (2) Hermantown Sales and Use Tax increased to 1% (from 0.5%) effective 4/1/13.
- (3) Minneapolis Lodging Tax decreased to 2.125% (from 2.625%) effective 10/1/17.
- (4) St. Cloud Area Tax includes the cities of St. Cloud, Sartell, Sauk Rapids, St. Augusta, St. Joseph, and Waite Park.
- (5) Rochester Lodging Tax increased to 7% (from 4%) effective 1/1/14.
- (6) Rochester Sales and Use Tax increased to 0.75% (from 0.5%) effective 1/1/16.
- (7) Olmsted County Transit Sales and Use Tax increased to 0.5% (from 0.25%) effective 7/1/17.
- (8) Proctor Sales and Use Tax increased to 1.0% (from 0.50%) effective 10/1/17.

\* For more information about the special local taxes, see:  
 Fact Sheet 164M, Minneapolis Special Local Taxes  
 Fact Sheet 164S, Special Local Taxes