

## Special Local Taxes

Detroit Lakes, Giants Ridge Recreational Area, Mankato, Marshall, Proctor,  
Rochester, St. Cloud, St. Paul

164S

Sales Tax Fact Sheet 164S

Fact Sheet

### What's new in 2017

- Starting May 31, 2017, items subject to the general rate sales tax rate are also subject to any special local taxes that apply.
- The Transit Improvement Tax will end on Sept. 30, 2017. Starting Oct. 1, 2017, St. Paul lodging and related services will be subject to the 0.5% Ramsey County Transit Sales tax.

This is a *supplement* to Fact Sheet 164, Local Sales and Use Taxes. It describes the special local taxes that are imposed in Detroit Lakes, Giants Ridge Recreation Area (city of Biwabik), Mankato, Marshall, Proctor, Rochester, St. Cloud and St. Paul. See Fact Sheet 164M for information on special local taxes imposed in Minneapolis.

These taxes are administered by the Minnesota Department of Revenue. Since individual city ordinances and resolutions do vary, the tax base for *special local taxes* may differ from the general state and local taxes.

### Detroit Lakes Food and Beverage Tax (apply city wide)

Beginning April 1, 2011, the city of Detroit Lakes imposes a **1 percent** food and beverage tax. This tax is in addition to the 6.875 percent state sales tax and 2.5 percent gross receipts tax on liquor.

**Food and Beverage tax.** The 1 percent food and beverage tax applies to sales of food and beverages by a restaurant or place of refreshment located within the city of Detroit Lakes, whether the food or beverages are for consumption on or off the premises. All sales of food that are subject to the Minnesota general sales tax are subject to the new 1 percent tax. All sales of beverages, including on-sale liquor and fermented malt beverages, that are subject to the Minnesota general sales tax are

also subject to the new 1 percent tax. Off-sale liquor sales are not subject to the 1 percent tax.

“Restaurant or place of refreshment” means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption. This definition includes but is not limited to: fast food restaurants, sit down restaurants, pick-up or carry-out restaurants, delivery restaurants, drive in restaurants, drive-thru restaurants, cafes, tea rooms, delis, bars, saloons, clubs, pubs, coffee houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

### Giants Ridge Recreation Area (apply city wide)

Beginning July 1, 2011, the Giants Ridge Recreation area (city of Biwabik) imposes a **2 percent** Admissions and Recreation tax, a **1 percent** Food and Beverage tax and a **2 percent** Lodging tax. This is in addition to the 6.875 percent state sales tax and 2.5 percent gross receipts tax on liquor.

**Admissions and Recreation Tax.** The 2 percent Admissions and Recreation tax applies to all admissions to entertainment and recreational facilities and the rental of all recreation equipment located within the Giants Ridge

Recreation area, except the purchase of season tickets or passes, which are exempt from this tax.

“Admissions to entertainment and recreational facilities” means the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities. This includes but is not limited to: amusement parks, athletic fields, campgrounds, bowling alleys, fairgrounds, golf courses,

hunting preserves, ice skating rinks, motion picture theaters, musical concerts, parks, swimming pools, ski areas, and trails.

**Food and Beverage Tax.** The 1 percent Food and Beverage tax applies to sales of food and beverages by a restaurant or place of refreshment located within the Giants Ridge Recreation area, whether the food or beverages are for consumption on or off the premises. All sales of food that are subject to the 6.875 percent Minnesota general sales tax are subject to the new 1 percent tax. All sales of beverages, including on-sale liquor and fermented malt beverages, that are subject to the 6.875 percent Minnesota sales tax are also subject to the new 1 percent tax. Off-sale liquor sales are not subject to the 1 percent tax.

“Restaurant or place of refreshment” means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption. This definition includes but is not limited to: fast food restaurants, sit down restaurants, pick-up or

carry-out restaurants, delivery restaurants, drive in restaurants, drive-thru restaurants, cafes, tea rooms, delis, bars, saloons, clubs, pubs, coffee houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

**Lodging Tax.** The 2 percent Lodging tax applies to all sales of lodging and related services within the Giants Ridge Recreation area.

“Lodging” means the rental of a room or rooms for a period of less than 30 days or for a period of 30 days or more if there is no enforceable written agreement that requires the guest to give notice of their intent to terminate.

“Lodging related services” means services provided by a hotel, motel, rooming house, tourist court, or resort; that are provided within a guest room, associated with the use of the lodging facility and billed by the lodging facility to the lodging guest. This definition includes but is not limited to: pay per view in-room movies and video games, room service, purchases from in-room minibars, and other items related to using the room for lodging.

## Mankato Food and Beverage and Entertainment Taxes (apply city wide)

Beginning April 1, 2009, the city of Mankato imposes a **0.5 percent** food and beverage tax; and **0.5 percent** entertainment tax. These taxes are in addition to the 6.875 percent state sales tax, 2.5 percent gross receipts tax on liquor, and the 0.5 percent Mankato sales and use tax.

**Food and Beverage tax.** The 0.5 percent food and beverage tax applies to all sales of food and beverages by a restaurant or place of refreshment that are located within the city of Mankato.

“Restaurant” is defined as a business that sells unpackaged food to the customer in a ready-to-consume state, in individual servings, where the customer consumes these foods in the building, picks up the food from the building to consume elsewhere, or the food is delivered by the customer by employees of the restaurant and establishments. This definition includes but is not limited to: fast food restaurants, sit down restaurants, carry-out restaurants, delivery restaurants, drive in restaurants, cafes, tea rooms, delis, and any combination thereof.

“Restaurant” may also be referred to as an eating establishment.

“Place of refreshment” is defined as any premise or location where alcoholic beverages, non-alcoholic beverages, or food items are sold at retail for consumption at or near the premise or location. This definition includes but is not limited to: bars, saloons, clubs, pubs, coffee

houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

**Entertainment tax.** The 0.5 percent entertainment tax applies to sales of admissions to entertainment events located within the city of Mankato.

“Entertainment event” means any event for which persons pay money in order to be admitted to the premises and to be entertained, including but not limited to, theatres, concerts and sporting events.

For purposes of this section admissions paid to the following types of events or for the following types of entertainment are not subject to the Mankato entertainment tax: health, athletic, or fitness club memberships; miniature golf facilities; skate board parks; ice or roller skating facilities; swimming pools; amusement parks; carnivals; fairs; games of skill; cover charges at night clubs or dance halls; coin operated amusement devices, such as foosball, pool tables, pinball, cranes, batting cages and the like; tennis, racquetball or handball court fees; golf club memberships or greens fees and driving ranges.

## Marshall Food and Beverage Tax (apply city wide)

Beginning July 1, 2013, the city of Marshall will have a **1.5 percent** Food and Beverage tax. This tax is in addition to the 6.875 percent state sales tax and 2.5 percent gross receipts tax on liquor.

**Food and Beverage tax.** The 1.5 percent Food and Beverage tax applies to sales of food and beverages by a restaurant or place of refreshment located within the city of Marshall, whether the food or beverages are for consumption on or off the premises. All sales of food that are subject to the Minnesota general sales tax are subject to the new 1.5 percent tax. All sales of beverages, including on-sale liquor and fermented malt beverages, that are subject to the Minnesota General sales tax are

also subject to the new 1.5 percent tax. Off-sale liquor sales are not subject to the 1.5 percent tax.

“Restaurant or place of refreshment” means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption. This definition includes but is not limited to: fast food restaurants, sit down restaurants, pick-up or carry-out restaurants, delivery restaurants, drive in restaurants, drive-thru restaurants, cafes, tea rooms, delis, bars, saloons, clubs, pubs, coffee houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

## Proctor Food and Beverage Tax (apply city wide)

Beginning April 1, 2015, the city of Proctor will have a **1 percent** Food and Beverage tax. This tax is in addition to the 6.875 percent state sales tax, the 0.5 percent Proctor general local tax, the 0.5 percent St. Louis County Transit tax (effective 4/1/15) and the 2.5 percent gross receipts tax on liquor.

**Food and Beverage tax.** The 1 percent Food and Beverage tax applies to sales of food and beverages by a restaurant or place of refreshment located within the city of Proctor, whether the food or beverages are for consumption on or off the premises. All sales of food that are subject to the Minnesota general sales tax are subject to the new 1 percent tax. All sales of beverages, including on-sale liquor and fermented malt beverages, that are

subject to the Minnesota General sales tax are also subject to the new 1 percent tax. Off-sale liquor sales are not subject to the 1 percent tax.

“Restaurant or place of refreshment” means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption. This definition includes but is not limited to: fast food restaurants, sit down restaurants, pick-up or carry-out restaurants, delivery restaurants, drive in restaurants, drive-thru restaurants, cafes, tea rooms, delis, bars, saloons, clubs, pubs, coffee houses, dance clubs, teen centers, concession stands, sidewalk vendors, and any combination thereof.

## St. Cloud Liquor and Food Taxes (apply city wide)

St. Cloud imposes a **1 percent** tax on liquor and food sold at restaurants and places of refreshment within the city limits. St. Cloud taxes are in addition to the 6.875 percent state sales tax, 2.5 percent liquor gross receipts tax, and the 0.5 percent St. Cloud Area sales and use tax.

**Liquor tax.** St. Cloud liquor tax applies to retail on-sales of alcoholic beverages, including wine and 3.2 beer, sold at licensed on-sale liquor establishments in St. Cloud such as bars, hotels, motels, restaurants, and clubs.

When an establishment has an intoxicating liquor, club, or wine license, the St. Cloud liquor tax applies to all on-sales of alcoholic beverages. The tax does not apply to *off-sales* of alcoholic beverages. If the establishment

has a 3.2 percent malt liquor or a set-up license, the liquor tax does not apply.

**Food tax.** St. Cloud food tax applies to food and beverages (not subject to liquor tax) sold by restaurants, coffee shops, snack bars, or any other place of refreshment in St. Cloud. A place of refreshment means any building, structure, vehicle, sidewalk cart, or any part thereof, used, maintained, or advertised as a place where food or drinks are made, sold or served at retail. The food tax does not apply to food purchased in general merchandise stores, grocery stores, gas stations, confectioneries, drugstores, or other places not providing meals, lunches, lodging, or fountain, bar, booth, or table service.

## Lodging Taxes – Rochester and St. Paul Tax (apply city wide)

The cities of Rochester and St. Paul impose lodging taxes as described below. Charges for lodging rentals are not subject to state or local sales tax, or special lodging taxes imposed by cities if the rental period is 30 days or longer *and* there is an enforceable written rental agreement requiring either the renter or owner to give notice before terminating the agreement.

State and local sales taxes and lodging taxes do not apply to charges for uses other than lodging, such as leasing a hotel room for a business meeting.

### Examples:

1. A guest registers at a hotel and stays for five weeks. Although the guest stayed longer than 30 days, state and local sales tax and lodging tax apply because there was no enforceable written rental agreement.
2. A hotel rents suites under monthly enforceable written rental agreements that require a 30-day notice to terminate. State and local sales tax and lodging tax do not apply.
3. An apartment is rented on a weekly basis. State and local sales tax and lodging tax apply since the rental period is less than 30 days.
4. A company rents a room in a hotel on a monthly basis for occasional use by its employees. The enforceable written agreement requires a 10-day notice to terminate. Rental of the room is not subject to state or local sales tax or lodging tax.

**Rochester** lodging tax is **7 percent** starting Jan. 1, 2014. Before that date, the rate was 4 percent. It applies to lodging accommodations at all hotels, motels, rooming houses, tourist courts, trailer camps, or similar establishments within the Rochester city limits.

Rochester lodging tax applies to lodging accommodations and taxable lodging related services. Taxable lodging related services include pay per view in-room movies and video games, room service, purchases from in room minibars and other services provided within a guest room. Request Revenue Notice 05-11, Local Lodging, Restaurant and Liquor taxes, for more information.

Rochester lodging tax is in addition to the 6.875 percent state sales tax, the 0.5 percent Rochester sales tax, and starting Jan. 1, 2014, the 0.25 percent Olmsted County transit sales and use tax (which all apply to lodging).

**St. Paul** lodging tax is **6 percent** for establishments with *50 or more rooms available for lodging*. The lodging tax rate is **3 percent** for establishments with *less than 50 rooms*. The tax applies to lodging accommodations and taxable lodging related services within St. Paul city limits at a hotel, rooming house, tourist court, motel, or similar establishment.

Taxable lodging related services are services provided within a guest room, including pay per view in-room movies and video games, room service, purchases from in-room minibars and other services. For more information, see Revenue Notice 05-11, Local Lodging, Restaurant and Liquor taxes.

Lodging tax is in addition to the 6.875 percent state sales tax, the 0.5 percent St. Paul sales tax and the 0.25 percent Transit Improvement sales tax which also apply to lodging.

**Note:** The Transit Improvement Tax will end on Sept. 30, 2017. Starting Oct. 1, 2017, St. Paul lodging and related services will be subject to the 0.5% Ramsey County Transit Sales tax.

### Legal References

Detroit Lakes: Minnesota Laws 2010, chapter 389, article 5

Giants Ridge Recreation Area: Minnesota Laws 2010, chapter 389, article 5, section 7

Mankato: Minnesota Laws 2008, chapter 366, article 7

Marshall: Minnesota Laws 2010, chapter 389, article 5

Proctor: Minnesota Laws 2014, chapter 308, article 3, section 34

Rochester: Minnesota Laws 1983, chapter 342, article 19

St. Cloud: Minnesota Laws 1986, chapter 379

St. Paul: Minnesota Laws 1982, chapter 523, section 1;

Minnesota Laws 1986, chapter 462, sections 28 and 31;

Minnesota Laws 1991, chapter 291, article 8; Minnesota Laws 2011, chapter 112, article 4, section 31.

### Revenue Notices

05-11: Sales and Use Tax – Local Lodging, Restaurant and Liquor Taxes

### Other Fact Sheets

164, *Local Sales and Use Taxes*

164M, *Minneapolis Special Local Taxes*