

MINNESOTA • REVENUE

LOCAL SALES AND USE TAXES Authorization for Cities

March 8, 2011

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 467 (Ortman) / H.F. 649 (Davids)

Effective for local sales taxes for which the authorizing referendum is held after June 30, 2011.

Current Law: No city, town, or other taxing authority can increase a present tax or impose a new tax on sales or income. All of the local general sales taxes currently in effect have been authorized by special law.

Proposed Law: The bill provides that a city, or group of cities under a joint powers agreement, may impose a local sales and use tax of up to 0.5% without authorization under a special law. Approval of the tax is subject to a referendum at a general election under the conditions set out in current law. A city that imposes the tax would be able to issue general obligation bonds to pay for the projects permitted in the bill.

The bill would have no impact on any state fund. Revenue from a tax imposed under these provisions would go to the city for the purposes specified in the bill.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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