

2017 SALES AND USE TAX LEGISLATIVE BULLETIN



Appeals and Legal Services Division
600 North Robert Street
Saint Paul, Minnesota 55146-2220

Bulletin Date: June 27, 2017

Unless otherwise noted, the provisions discussed in this bulletin can be found in 2017 Minn. Laws, 1st Spec. Sess. ch. 1.

Qualified expansions of greater Minnesota businesses. Minn. Stat. § 116J.8738, subds. 3 and 4, were amended to expand the certification period and the exemption amounts for a qualified business. It expands the certification period for a qualified business investing at least \$200,000,000 over a ten year period from seven to ten years beginning the first day of the calendar month immediately following the date that the commissioner of employment and economic development informs the business of the award benefit. Also, the sales tax exemption amount is expanded from \$2,000,000 to \$5,000,000 annually and from a maximum of \$10,000,000 to \$40,000,000 during the total period of the agreement. Effective July 1, 2017.

Subdivisions 2 and 3, were amended so that the requirement that the business's operations and expansion be located in a city do not apply to an agricultural processing facility or a project designed to qualify under section 41A.20. Effective July 1, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 8, art. 2, §§ 6 and 7.

Disclosure to Department of Transportation. Minn. Stat. § 270B.14 was amended to add a new subdivision 21 authorizing the Department of Revenue to disclose return information related to taxes imposed under chapter 297A to the Department of Transportation to administer sections 297A.82 and 360.018, including disclosure to verify that sales or use tax has been paid on the lease, purchase, or sale of an aircraft by a person that owns or operates the aircraft to be registered or licensed in Minnesota. Effective May 31, 2017.

Special law local taxes; definitions. Minn. Stat. § 270C.171, subd. 1, was amended to clarify that when a special law grants a local government the authority to impose a local tax other than sales tax (for example, lodging, entertainment, admissions, or food and beverage taxes), and the Department of Revenue administers the local tax, then the terms in the special law, unless the special law defines them, are defined as the same terms are defined in Minn. Stat. ch. 297A, or in Minn. R. ch. 8130. If the terms are not defined in the sales tax statute or rule, then the definition is to be consistent with the Department's position as to the extent of the tax base. Further, the amendment added a new paragraph to clarify that the terms are defined in this matter regardless of whether the local government specifically or formally adopts the definitions into its local law. Effective May 31, 2017.

Automated sales suppression devices. Minn. Stat. § 289A.14 was created to define "automated sales suppression device," "zapper," and "phantom-ware" as software programs that falsify the electronic records of cash registers or create a second set of transaction records. These falsified

or duplicate records are used to support underpayment of sales taxes on the actual transactions. Also defines “electronic cash register,” “transaction data,” and “transaction report.”

Minn. Stat. § 289A.60 was amended to add a new subdivision 32 authorizing the Department of Revenue to assess civil penalties on persons who sell, transfer, develop, manufacture, or possess with the intent to sell or transfer automated sales suppression devices. The penalty is the greater of: (1) \$2,000; or (2) the amount of tax, penalty, and interest avoidance caused by using the device. Provides an exemption from the penalty for possession of a device to study how to combat tax evasion by the commissioner or person acting on behalf of the commissioner, law enforcement agencies, and post-secondary education institutions.

Minn. Stat. § 289A.63 was amended to add a new subdivision 12 to establish a felony criminal penalty for the sale, purchase, installation, transfer, development, manufacture, or use of a sales suppression device knowing that the device may be used to commit tax fraud. Provides that possession of a device to study how to combat tax evasion by the commissioner or person acting on behalf of the commissioner, law enforcement agencies, and post-secondary education institutions is not a felony.

Minn. Stat. § 609.5316, subd. 3, was amended to classify automated sales suppression devices as contraband subject to forfeiture.

Effective for activities that occur on or after August 1, 2017.

Purchaser refunds. Minn. Stat. § 289A.50, subd. 2a, was amended to clarify that refunds for sales for resale will not be paid to purchasers if the vendor has a published no resale policy. Effective May 31, 2017.

Taxable food sold through vending machines. Minn. Stat. § § 297A.61, subds. 3(d) and 34, were amended to create, “taxable food sold through vending machines” so that only food currently subject to tax under Minn. Stat. § 297A.61, subd. 3(d) (i.e. prepared food sold by the retailer, soft drinks, candy and dietary supplements), are taxable when sold through a vending machine. Under prior law all food was taxable if sold through a vending machine. Minn. Stat. § 297A.67, subds. 2, 4, 5, and 6, providing exemptions for food and meals served at residential facilities, schools and other locations were also amended to be consistent with this definition change. Effective for sales and purchases made after June 30, 2017.

Privilege of admission. Minn. Stat. § 297A.61, subd. 3(m), was added to clarify that the sale of the privilege of admission under § 297A.61, subd. 3(g)(1), includes all charges included in the privilege of admission’s sales price without deduction for amenities that may be provided, unless the amenities are separately stated and the purchaser of the privilege of admission is entitled to add or decline the amenities and the amenities are not otherwise taxable. Effective May 31, 2017.

Real Property. Minn. Stat. § 297A.61 was amended by adding a new subdivision 58, to define real property for sales tax purposes consistent with department interpretation regarding improvements to real property prior to the Minnesota Tax Court decision, *Dahmes Stainless, Inc. Appellant v. Commissioner of Revenue, Appellee*, 8228-R, 04/07/2015 and the Minnesota

Supreme Court decision, *Commissioner of Revenue v. Dahmes Stainless, Inc.*, 884 N.W.2d 648 (Minn. 2016). Effective for sales and purchases made after May 31, 2017. Minn. Stat. § 272.03, subd. 1, was amended to clarify that the definition of “real property” for the purpose of property taxation does not apply to sales and use tax. Effective for sales and purchases made beginning on May 31, 2017. The large and ponderous clause found at Minn. Stat. § 297A.61, subd. 10(b)(1) was deleted. Effective May 31, 2017.

Marketplace providers. Minn. Stat. § 297A.66, subs. 1, 2, and 4, were amended as follows: subd. 1 was modified so that a “retailer maintaining a place of business in the state” includes a retailer that has a storage facility in the state, employs a state resident who works from a home office in the state, or has a marketplace provider or other third party operating in the state under the retailer’s authority to facilitate or process sales in the state. It also defines a “marketplace provider” as a person who facilitates sales for a retailer through any forum. This includes Internet based sales sites.

Subdivision 2 was modified and subdivision 4b was created to establish sales tax collection and remittance requirements for marketplace providers and marketplace retailers including an exception for retailers making less than \$10,000 of taxable sales in the state if their sole physical connection to the state is through their marketplace provider.

Subdivision 4 was modified so that the term “affiliated entities” includes in-state entities that sell the same products as the retailer; facilitate the retailer’s sales; use the retailer’s intellectual property; deliver, install, assemble, or maintain certain property sold by the retailer; facilitate deliveries for the retailer; or assist in maintaining the retailer’s market. In addition, entities are affiliated if they are related under certain provisions of the Internal Revenue Code, or have one or more ownership relationships designed to avoid affiliate nexus.

An uncodified provision provides for severability. Effective the earlier of July 1, 2019, or the overturn of *Quill*, and to the extent allowed by federal law.

Precious metal bullion. Minn. Stat. § 297A.67 was amended by adding a new subd. 34, to create an exemption for sales of precious metal bullion when sold in bars or rounds that consist of 99.9 percent or more by weight of either gold, silver, platinum, or palladium and are marked with weight, purity and content. Excluded from the exemption are purchases of jewelry, works of art or scrap metal. Effective for sales and purchases made after June 30, 2017.

Suite licenses. Minn. Stat. § 297A.67 was amended by adding a new subdivision 35, to exempt consideration paid for the privilege of admission for the use of a private suite, private skybox, or private box seat provided that, (1) the lessee may use the private suite, private skybox, or private box seat by mutual arrangement with the lessor on days when there is no amusement or athletic event, and (2) the sales price for the privilege of admission is separately stated and is equal to or greater than the highest priced general admission ticket for the closest seat not in the private suite, private skybox or private box seat. Effective for sales and purchases made after June 30, 2017.

Stadium builder's licenses. Minn. Stat. § 297A.67 was amended by adding a new subdivision 36, to exempt consideration paid for the privilege of admission for the purchase of a stadium builders license authorized under § 473J.15, subd. 14. Effective May 31, 2017.

Super Bowl admissions and related events. Minn. Stat. § 297A.68, subd. 9, was expanded to exempt tickets and admissions to Super Bowl-related events sponsored by the NFL or Super Bowl Host Committee, and to sales of nonresidential parking by the NFL to the Super Bowl and related events. Allows the Super Bowl Host Committee to purchase nonresidential parking as a sale for resale. In an uncodified provision, up to \$1,600,000 is authorized to reimburse purchases made by the NFL or its affiliates or their employees or independent contractors of tangible personal property, nonresidential parking services and lodging as these terms are defined in chapter 297A that are used and consumed in connection with the Super Bowl LII or related events. Reimbursement will be made by the Metropolitan Sports Facilities Authority and may be made from operating and capital reserve funds. Effective for sales and purchases made after June 30, 2016, and before March 1, 2018.

Petroleum products. Minn. Stat. § 297A.68, subd. 19, was amended to exempt special fuel for one of the following purposes: (1) to power a refrigeration unit mounted on a licensed motor vehicle, (2) to power an unlicensed motor vehicle that is used solely or primarily to move semitrailers within certain facilities; and (3) to operate a power take-off unit or auxiliary engine in or on a licensed motor vehicle. Effective for sales and purchases made after June 30, 2017.

Telecommunications or pay television services machinery and equipment. Minn. Stat. § 297A.68, subd. 35a, was amended to expand the exempt purchases by the telecommunications and pay television industries to include the purchase of fiber and conduit. Minn. Stat. § 297A.68, subd. 5, was also amended for purposes of cross reference. Effective for sales and purchases made after June 30, 2017.

Jukebox music. Minn. Stat. § 297A.68 was amended by adding a new subdivision 45, to provide a sales tax exemption for music purchased by jukebox operators that make available jukeboxes as amusement devices in § 297A.61, subd. 3(g)(1), if the music is used exclusively for the jukebox. Effective for sales and purchases made after June 30, 2017.

Sales to nonprofits. Minn. Stat. § 297A.70, subd. 4 and 12, were amended to provide a sales tax exemption for purchases by nonprofit organizations that qualify for the membership exemption in subd. 12, for items used in the performance of their mission. The exemption for memberships under subd. 12 is expanded to include “non profit organizations offering similar services” to YMCAs, YWCAs, and JJCAs, defined as 501(c)(3) organizations whose mission is to support youth and families and who provide free or reduced-price memberships to seniors or low-income persons. Effective for sales and purchases made after June 30, 2017.

Minnesota State High School League. Minn. Stat. § 297A.70 was amended to add subd. 11a, to exempt tickets and admissions to games, events and activities sponsored by the Minnesota State High School League under chapter 128C, and Minn. Stat. § 128C.24 was amended to refer to the new subd. 11a. The amendments are effective for sales and purchases made after June 30, 2017 and before July 1, 2027.

Fundraising events sponsored by nonprofit groups. Minn. Stat. § 297A.70, subd. 14, was amended to allow the sales tax exemption for fund-raising events sponsored by nonprofits to include events held on premises leased for ten or fewer days (was five or fewer days). Effective for sales and purchases made after June 30, 2017.

Ice arenas and rinks. Minn. Stat. § 297A.70 was amended by adding a new subdivision 21, to provide a sales tax exemption for materials used by a nonprofit, 501(c)(3) corporation for the operation of ice rinks or ice arenas that are part of the Duluth Heritage Sports Center and are primarily used for youth and high school programs. Effective for sales and purchases made after June 30, 2017.

Building materials; capital projects. Minn. Stat. § 297A.71, subd. 44, was amended to create two new construction exemptions. The first allows an upfront exemption for a sports facility project of at least \$100 million that begins construction after July 1, 2016, and before December 31, 2017. The exemption includes materials and supplies used and consumed in and equipment incorporated into the facility including infrastructure costs as defined. This exemption expires one year after the date the first major sports game is played at the sports facility. Effective May 31, 2017.

Minn.Stat. § 297A.9905 was amended to provide a conforming change to accommodate this new upfront stadium exemption. Effective for sales and purchases made after May 30, 2017.

The second exemption provides the city of Plymouth a sales tax exemption on materials and supplies used in and equipment incorporated into the construction, remodeling, expansion or improvement of an ice arena or other city-owned buildings and facilities. The exemption applies to purchases by contractors, subcontractors, and builders as well as direct purchases by the city. The tax must be paid at the time of purchase and the city must apply for the refund by December 31, 2017, for sales tax paid on eligible purchases made prior to December 31, 2015. Minn Stat. § 297A.75, subd. 1, cl.(13) is amended for consistent internal cites. The total amount of refund that the city may apply for is \$2.5 million. Effective retroactively to sales and purchases made after January 1, 2013.

City of Madelia fire. Minn. Stat. § 297A.71 was amended by adding subd. 49, to exempt building materials and supplies used and consumed in and equipment incorporated into, the construction or replacement of real property that is located in Madelia Minnesota affected by the fire on February 3, 2016. The tax is paid on items purchased and later refunded as provided in the amended Minn. Stat. § 297A.75 subds. 1, 2 and 3. Effective for sales and purchases made after January 1, 2016 and before July 1, 2018; however, refunds may be applied for after June 30, 2016.

City of Melrose fire. Minn. Stat. § 297A.71 was amended by adding subdivision 50 to provide a sales tax exemption for construction materials, supplies, and equipment incorporated into the construction or replacement of real property destroyed by a fire in the city of Melrose on September 8, 2016. Effective retroactively for sales and purchases made after September 30, 2016 and before January 1, 2019. For the period after September 30, 2016, and before July 1,

2017, the tax must be paid at the time of the purchase and refunded as provided in Minn. Stat. § 297A.75, subds. 1, 2, and 3. Effective retroactively for purchases made after September 30, 2016.

Refund appropriation; legacy fund. Minn. Stat. § 297A.75, subd. 5, was amended to provide that in appropriating the amount required to refund sales tax paid for fiscal years 2018 and 2019, the constitutionally dedicated revenues under Minn. Consti., art XI, § shall not be reduced for these exemptions: § 297A.71, subd. 44(b) [Plymouth ice arena]; § 297A.71, subds. 49 and 50 [Madelia and Melrose fires]; and the expansion of the exemption under § 297A.68, subd 44 [Greater Minnesota business expansion]. Effective May 31, 2017.

Motor vehicle lease revenue. Minn. Stat. § 297A.815, subd. 3, was amended to clarify that the revenues deposited do not include sales tax imposed under section 297A.62, subd. 1a, which must be deposited as provided under the Minn. Const., art. XI, § 15. Also removes a \$32 million general fund allocation of revenue from the general sales tax collected on motor vehicle leases, and distributes total tax revenue as follows: 38 percent to the county state-aid highway fund; 38 percent to the greater Minnesota transit account; 13 percent to the Minnesota state transportation fund (to be used for a local bridge program); and 11 percent to the highway user tax distribution fund. Makes technical changes. Effective May 31, 2017, beginning with the estimate that must be completed on or before June 30, 2018, for a transfer that occurs by July 15, 2018. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 109.

Aircraft maximum takeoff weight. Minn. Stat. § 297A.82, subd. 4, was amended to clarify that the exemption for air flight equipment does not include aircraft with a “maximum takeoff” weight of less than 30,000 pounds. Effective for sales and purchases made after December 31, 2017.

Deposit in state’s airport fund. Minn. Stat. § 297A.82, subd. 4a, was amended to clarify that the revenues deposited do not include sales tax imposed under § 297A.62, subd. 1a, which must be deposited as provided under the Minn. Const., art. XI, § 15. Effective May 31, 2017.

Snowmobiles, all-terrain vehicles, and watercraft. Minn. Stat. ch. 297A was amended to create § 297A.825, to authorize the commissioner of revenue to enter into an agreement with the commissioner of natural resources for the Minnesota Department of Natural Resources and authorized deputy registrars of motor vehicles to be agents of the commissioner of revenue for purposes of collecting use tax on snowmobiles, all-terrain vehicles, and watercraft from a person applying for a registration or license if the applicant does not prove that sales or use tax was not due. Additionally, they may issue refunds of use tax paid to them in error. Effective May 31, 2017.

Minn. Stat. §§ 84.82, subd. 10; 84.922, subd. 11; and 86B.401, subd. 12, were amended to incorporate the language from § 297A.825 concerning the agreement and agency provisions, the authority to collect use tax, and to issue refunds of use tax collected in error under those subdivisions. Also deleted obsolete language regarding a purchaser’s certificate, as those are no longer issued. Effective for snowmobiles and all-terrain vehicles registered after June 30, 2017 and for watercraft licensed after June 30, 2017.

Minn. Stat. § 270B.14 was amended to add a new subdivision 20 to authorize the Department of Revenue to disclose return information related to taxes imposed under chapter 297A to the Department of Natural Resources or an authorized deputy registrar of motor vehicles, to administer §§ 297A.825; 84.82, subd. 10; 84.922, subd. 11; and 86B.401, subd. 12; including disclosure to verify that sales or use tax has been paid on the purchase of a snowmobile, all-terrain vehicle, or watercraft, or that the purchase was exempt from tax under chapter 297A. Effective May 31, 2017.

Deposit of revenues; fire assistance and safety. Minn. Stat. § 297A.94 was amended to fund the volunteer fire assistance grant account newly established under § 88.068 (used for making grants to local fire departments for equipment and training), and the fire safety account. The accounts are funded with dedicated estimated sales tax revenue from the sale of personal fireworks in the state. The deposit of revenues provision is effective for sales and purchases made after December 31, 2017. The creation of the volunteer fire assistance grant account is effective beginning with deposits in fiscal year 2018.

An uncodified provision, also requires the commissioner of revenue to estimate the percentage of total sales tax revenue collected in calendar year 2016 that is attributable to the sale of fireworks to persons 18 years old or older by December 1, 2017. Effective May 31, 2017.

Deposit of revenues; highway user tax distribution fund. Minn. Stat. § 297A.94, was amended to dedicate sales tax revenue from three different sources to the highway user tax distribution fund. Effective July 1, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 110.

Termination of taxes; use of remaining funds. Minn. Stat. § 297A.992 was amended to create subd. 10a, permitting funds allocated to counties—if being provided as part of a dissolution of the Counties Transit Improvement Board (CTIB)—to be used for transportation purposes that includes roads (as authorized for a county transportation sales tax that is available statewide, pursuant to § 297A.993, subd. 2). Effective May 31, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 111.

Motor vehicle sales tax; transfer-on-death. Minn. Stat. § 297B.01, subd. 16, was amended to exclude from the definition of “sale” or “purchase” the acquisition of a motor vehicle by a transfer-on-death title by a decedent who owned the vehicle. Effective July 1, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 112.

Motor vehicle sales tax presumption. Minn. Stat. § 297B.07 was amended so that the presumption at law is that when a foreign business entity purchases a motor vehicle that is under the control of a Minnesota resident, the Minnesota resident is presumed the owner if two or more factors are met. Effective May 31, 2017.

Metropolitan area; definition. Minn. Stat. § 473.121, subd. 2, was amended to exclude the city of Cannon Falls, in Dakota County, from the definition of “Metropolitan area.” Effective May 31, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 116.

Motor vehicle parts sales taxes estimation. This uncodified provision directs the Department of Revenue to report to the chairs and ranking minority members of the tax and transportation legislative committees by January 15, 2019, on an estimate of general sales tax revenue attributable to the sales and purchases in a calendar year of motor vehicle repair and replacement parts. Effective July 1, 2017. 2017 Minn. Laws, 1st Spec. Sess. ch. 3, art. 3, § 123.

Nonprofit Economic Development Corporation. This uncodified provision creates a sales and use tax exemption for materials and supplies used or consumed in and equipment incorporated into the construction of a retail development consisting of a retail space for a grocery store, fueling center, and other retail space provided the development is located in a city with no grocery store and is at least 20 miles from the nearest city with a grocery store, and is constructed by a nonprofit economic development corporation that is an exempt organization under section 501(c)(3) of the Internal Revenue Code. The tax must be paid and later refunded upon application. Effective May 31, 2017, and applies retroactively to sales and purchases made after January 1, 2013, and before January 1, 2017.

Reimbursement to certain constitutionally dedicated funds. An uncodified provision requires the commissioner of management and budget, by June 15 in fiscal years 2018 and 2019, to increase the revenues transferred from the general fund to the legacy fund (as required by the Minn. Const. art. XI, § 15) by an amount equal to the estimated amount of reduction to these revenues for those fiscal years due to the enactment of new sales tax exemptions or the expansion of existing sales tax exemptions, as specified, and due to tobacco tax changes. The commissioner of revenue is required to estimate the revenue reduction by June 1 of each of these fiscal years and inform the commissioner of management and budget. Effective May 31, 2017.

LOCAL TAXES

Existing Local Taxes Modified

Duluth food and beverage taxes; spending boundary modified. 1980 Minn. Laws ch. 511, § 1, subd. 2, as amended by 1991 Minn. Laws ch. 291, art. 8, § 22, 1998 Minn. Laws ch. 389, art. 8, § 25, 2003 Minn. Laws, 1st Spec. Sess. ch. 21, art. 8, § 11, 2008 Minn. Laws ch. 154, art. 5, § 2, and 2014 Minn. Laws ch. 308, art. 3, § 21, was amended to change the boundary line defining the area in which Duluth may spend revenues from its extra half percent food and beverage tax. Instead of going as far as 34th Avenue West, the boundary ends at 14th Avenue West, and now includes Skyline Parkway and the area south. Effective upon Duluth filing approval with the Secretary of State.

Duluth lodging taxes; spending boundary modified. 1980 Minn. Laws ch. 511, § 2, as amended by 1998 Minn. Laws ch. 389, art. 8, § 26, 2003 Minn. Laws, 1st Spec. Sess. ch. 21, art. 8, § 12, and 2014 Minn. Laws ch. 308, art. 3, § 22, was amended to change the boundary line defining the area in which Duluth may spend revenues from its extra half percent lodging tax. Instead of going as far as 34th Avenue West, the boundary ends at 14th Avenue West, and now includes Skyline Parkway and the area south. Effective upon Duluth filing approval with the Secretary of State.

Mankato local sales tax; use of revenue. 1991 Minn. Laws ch. 291, art. 8, § 27, subd. 3; as amended by 1998 Minn. Laws ch. 389, art. 8, § 28; 2008 Minn. Laws ch. 366, art. 7, § 9; and 2009 Minn. Laws ch. 88, art. 4, § 14; was amended to allow the city to extend its sales tax for different projects, as approved by the voters at the 2016 general election. Effective upon Mankato filing approval with the Secretary of State.

Mankato local sales tax; expiration of taxing authority and expenditure limitation. 1991 Minn. Laws ch. 291, art. 8, § 27, subd. 4; as amended by 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 25; and 2008 Minn. Laws ch. 366, art. 7, § 10; was amended to extend the current expiration for the Mankato local sales tax of December 31, 2022, to the earlier of December 31, 2038, or when revenues are sufficient to fund the new projects. Effective May 31, 2017 without local approval pursuant to Minn. Stat. § 645.023, subd. 1.

Mankato local sales tax; bonds. 1991 Minn. Laws ch. 291, art. 8, § 27, subd. 5, was amended to allow Mankato to issue an additional \$47 million in bonds based on the voter approval at the 2016 general election. Effective May 31, 2017 without local approval pursuant to Minn. Stat. § 645.023, subd. 1.

Hermantown local sales tax; wellness center debt. 1996 Minn. Laws ch. 471, art. 2, § 29, subd. 1, as amended by 2006 Minn. Laws ch. 259, art. 3, § 3, and 2011 Minn. Laws, 1st Spec. Sess. ch. 7, art. 4, § 4, was amended to allow the city of Hermantown to use its existing local sales tax revenue to make debt service payments on the Hermantown Wellness center. Effective upon Hermantown filing approval with the Secretary of State.

Hermantown local sales tax extension. 1996 Minn. Laws ch. 471, art. 2, § 29, subd. 4, as amended by 2006 Minn. Laws ch. 259, art. 3, § 4, was amended to extend the city of Hermantown local sales tax through the earlier of December 31, 2036, or when the city council determines that enough funds have been raised to pay the bonds issued for authorized projects. Effective May 31, 2017 without local approval pursuant to Minn. Stat. § 645.023, subd. 1.

New Ulm local sales tax; use of revenues. 1999 Minn. Laws ch. 243, art. 4, § 17, subd. 3, was amended to allow the city to use revenues from its existing sales tax to fund costs, including associated bond costs for additional projects as approved by voters in 2016. Effective upon New Ulm filing approval with the Secretary of State.

New Ulm local sales tax; bonding authority; additional use and extension of the tax. 1999 Minn. Laws ch. 243, art. 4, § 17, was amended by adding a subd. 4a to authorize the city of New Ulm to bond for up to an additional \$14.8 million for the new projects without an additional vote. Effective upon New Ulm filing approval with the Secretary of State.

New Ulm local sales tax termination. 1999 Minn. Laws ch. 243, art. 4, § 17, subd. 5, was amended to extend the termination of the tax until revenues are sufficient to pay off both the existing and newly authorized bonds. Effective upon New Ulm filing approval with the Secretary of State.

Proctor local sales tax. 1999 Minn. Laws ch. 243, art. 4, § 18, subd. 1, as amended by 2008 Minn. Laws ch. 366, art. 7, § 12, was amended to allow the city of Proctor to increase the rate of its existing local sales tax from one-half percent to one percent, to pay for the \$10 million in improvements to certain specified projects. Effective upon Proctor filing approval with the Secretary of State.

Albert Lea local sales tax; use of revenues. 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 38, subd. 2, as amended by 2006 Minn. Laws ch. 259, art. 3, § 6, was amended to allow the Shell Rock River Watershed Board to use Albert Lea's existing local sales tax revenue for general water quality projects. Also requires the board to report to the Albert Lea City Council on a biannual basis on its expenditures. Effective upon Albert Lea filing approval with the Secretary of State.

Albert Lea local sales tax termination. 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 38, subd. 4, as amended by 2014 Minn. Laws ch. 308, art. 3, § 23, was amended to extend the city of Albert Lea local sales tax for an additional 15 years, or when the city council determines that the tax has raised \$30 million to pay for authorized projects. Effective upon Albert Lea filing approval with the Secretary of State.

Worthington local sales tax; use of revenues. 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 44, subd. 3, as amended by 2014 Minn. Laws ch. 308, art. 7, § 3, was amended to expand the allowed uses of Worthington's local sales tax revenues to include public athletic facilities; subject to the restrictions that apply to the issuance of debt as provided in the amendment to 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 44, subd. 4. Effective upon Worthington filing approval with the Secretary of State.

Worthington local sales tax; bonding. 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 44, subd. 4, was amended to allow the city of Worthington to increase the bonds issued for allowed purposes by \$1.3 million—from \$6 million to \$7.3 million. Before issuing the extra bonds the city must do several things, including passing a resolution stating the intent to issue additional debt, proposing a public hearing, and allowing its citizens to petition for a reverse referendum on the debt issue. If the petition requirement is met, the resolution must be approved by the voters in a general or special election. Effective upon Worthington filing approval with the Secretary of State.

Worthington local sales tax termination. 2005 Minn. Laws, 1st Spec. Sess. ch. 3, art. 5, § 44, subd. 5, as amended by 2014 Minn. Laws ch. 308, art. 7, § 4, was amended to provide that the tax terminates when revenues are sufficient to pay off the \$7.3 million in bonds plus associated costs. Effective upon Worthington filing approval with the Secretary of State.

North Mankato local sales tax. 2008 Minn. Laws ch. 366, art. 7, § 20, was amended to allow the city of North Mankato to extend its existing sales tax to raise up to an additional \$9 million as approved by the voters at the 2016 general election. The tax is extended to the earlier of December 31, 2038, or when revenues are sufficient to fund the total \$15 million (additional \$9 million) of projects plus associated bond costs. The city may use the additional money to fund

certain designated projects. Effective upon North Mankato filing approval with the Secretary of State.

Local Taxes Authorized

East Grand Forks local sales tax. Uncodified session law authorizes the city of East Grand Forks to impose a local sales tax of up to 1 percent to fund improvements to the city swimming pool. The city is authorized to issue bonds for up to \$2.82 million for the project without an additional vote. The tax expires at the earlier of five years or when revenues are sufficient to pay off the bonds. Effective upon East Grand Forks filing approval with the Secretary of State.

Fairmont local sales tax. Uncodified session law authorizes the city of Fairmont to impose a local sales tax of up to one-half of one percent to fund up to \$15 million capital and administrative costs for recreational amenities, trails, and a community center. The city is authorized to issue bonds for these projects without an additional vote. The tax expires at the earlier of 25 years or when revenues are sufficient to cover the \$15 million plus any associated bond costs. Effective upon Fairmont filing approval with the Secretary of State.

Fergus Falls local sales tax. Uncodified session law authorizes the city of Fergus Falls to impose a local sales tax of up to one-half of one percent to fund expansion and betterment of the Fergus Fall Public Library. The city is authorized to bond for up to \$9.8 million for the project without an additional vote. The tax expires at the earlier of 12 years or when revenues are sufficient to pay off the bonds. Effective upon Fergus Falls filing approval with the Secretary of State.

Moose Lake local sales tax. Uncodified session law authorizes the city of Moose Lake to impose a local sales tax of up to one-half of one percent to fund up to \$3 million for: (1) city park improvements; (2) street and related infrastructure improvements; and (3) improvements to its municipal arena. The tax expires at the earlier of 20 years or when revenues are sufficient to pay off the bonds. Effective upon Moose Lake filing approval with the Secretary of State.

New London local sales tax. Uncodified session law authorizes the city of New London to impose a local sales tax of up to one-half of one percent to fund up to \$872,000 for certain designated projects. The tax expires at the earlier of 20 years or when revenues are sufficient to pay off the bonds. Effective upon New London filing approval with the Secretary of State.

Sleepy Eye local lodging tax. Uncodified session law authorizes the city of Sleepy Eye to impose a local lodging tax of up to 2 percent in addition to the general local lodging tax of 3 percent allowed under general statute. Limits the combined lodging tax under this special law plus the general authority to five percent. Ninety-five percent of the revenues from this additional lodging tax must be used for tourism promotion. Effective upon Sleepy Eye filing approval with the Secretary of State.

Spicer local sales tax. Uncodified session law authorizes the city of Spicer to impose a local sales tax of up to one-half of one percent to fund up to \$800,000 for certain designated projects. The tax expires at the earlier of (1) ten years after first imposed, (2) December 31, 2027; or (3)

when revenues are sufficient to pay off the bonds and associated bond costs. Effective upon Spicer filing approval with the Secretary of State.

Walker local sales tax. Uncodified session law authorizes the city of Walker to impose a local sales tax of up to 1.5 percent to fund up to \$20 million for a number of projects outlined in its 2012 capital improvement plan. The tax expires at the earlier of 20 years or when revenues are sufficient to pay off the bonds. Effective upon Walker filing approval with the Secretary of State.

Clay County local sales tax. Uncodified session law authorizes Clay County to issue local bonds secured by a local sales and use tax on one-half of one percent up to \$52 million to finance new county correctional and law enforcement facilities. The tax expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when funds are sufficient to repay the bonds. Effective upon Clay County filing approval with the Secretary of State.

Garrison, Kathio, and West Lake Mille Lacs Sanitary District local sales tax. Uncodified session law authorizes Garrison, Kathio, and West Lake Mille Lacs Sanitary District to impose a local sales tax of up to 1 percent to raise up to \$10 million to repay bonds and pay for maintenance and improvements of the waste water system. If imposed, the tax expires at the earlier of 20 years or when \$10 million has been raised. Effective upon Garrison, Kathio, and West Lake Mille Lacs Sanitary District filing approval with the Secretary of State.

Proctor; retroactive approval of local sales tax extension. Uncodified session law retroactively approves the extension of the City of Proctor's existing sales tax and new uses for the sales tax revenue authorized in 2008 Minn. Laws ch. 366, art. 7, § 13, and 2010 Minn. Laws ch. 389, art. 5, §§ 1 and 2, based on the voter approval at the 2010 general election and the filing of local approval with the Secretary of State by January 1, 2015. Effective May 31, 2017.