

# Local Sales and Use Taxes

Fact Sheet

Sales Tax Fact Sheet 164

## What's New

*January 1, 2021:*

- Lake of the Woods County will have a 3.0% Lodging Tax
- Nobles County will have a 0.5% Transit Sales and Use Tax

*October 1, 2020:*

- East Grand Forks ended its 1.0% Sales and Use Tax
- Lake County has a 4.0% Lodging Tax
- Two Harbors has a 1.0% Lodging Tax

*June 30, 2020:* Lyon County ended its 0.5% Transit Sales and Use Tax.*April 1, 2020:* North Mankato has a 0.5% Food and Beverage Tax.

## Local Sales and Use Taxes

You must collect local sales tax based on where your customer receives the taxable product or service. Local taxes apply to the same items and services as the state general rate sales tax ("state sales tax").

The Minnesota Department of Revenue administers the local taxes shown on pages 6-9. Other local sales taxes may also apply in some areas.

**Note:** If you use a freight, delivery, or postal service to send goods to areas that have local sales taxes, you must now collect those taxes. This may require you to register, collect, and remit additional local taxes.

### When to Charge Local Tax

Generally, you must 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 when:

- They pick up items in the local area, even if the items are taken out of the local area.
- You perform taxable services in the local area.
- You ship taxable items into a local area.

### How to Figure the Tax Rate

To figure the tax rate, add the state and local sales tax rates. Apply the combined rate to the taxable sales price; round to the nearest full cent. For more information, see the Tax Rate Lookup Tools section.

### How to Report Local Taxes

Report local taxes when you file your Minnesota Sales and Use Tax return. Local tax amounts are reported separately from the state sales tax.

## How to Register to Collect Local Sales Taxes

You can register from your Sales and Use Tax account in e-Services. You can:

- Easily add one or more local taxes while filing your Sales and Use Tax return.
- Quickly add all Local Tax and Other Taxes at one time.

For more information, see our e-Services webpage.

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## Tax Rate Lookup Tools

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We offer the following tools on our website to help you determine the tax rate:

- Sales Tax Rate Calculator – enter a street address or nine-digit ZIP code to look up a rate.
- Sales Tax Rate Map – an interactive map that allows you to search local tax rates across Minnesota.
- Sales Tax Rate Spreadsheet – download the spreadsheet and enter the nine-digit ZIP code to look up rates.
- Rates and Boundaries Data – download the index files to program rates into your point-of-sale system.

**Note:** These tools do not calculate special local taxes (lodging, entertainment, liquor, admissions, and restaurant taxes). For more information, see Special Local Taxes on page 4.

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## Exemptions

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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 a customer not located in a local tax area.
- You sell direct-to-home satellite (DBS) services (not cable). These services are subject to state sales tax, but not local sales tax.

### Federal Government Agencies

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

### Minnesota State Agencies

Minnesota state agencies use a Direct Pay authorization to buy items. They do not pay sales tax to the seller—they pay use tax directly to the state.

### Local Governments

Local governments are not required to pay general local sales taxes. An exemption certificate is not necessary. However, local governments may need to pay special local taxes. For more information, see the Government – Local Governments Industry Guide.

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## Vehicle Leases

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### 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.

### Sourcing Motor Vehicle Leases

For vehicle leases or rentals, the source of the transaction for sales tax purposes depends on whether the customer

pays all at once or over time:

- Single payment – sourced to the location where the customer receives the property being leased.
- Multiple payments – sourced to the primary location of the property, which may not be the same location as the business. The primary location is the address the customer provides for the property and does not change by occasional use at different locations.

**Note:** These rules do not affect how sales tax applies to lump-sum or accelerated basis leases, or to the acquisition of property for lease.

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## Vehicle Excise Tax

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A \$20 vehicle excise tax applies to sales of motor vehicles in the cities or counties listed in the table below. Any person in the business of selling new or used motor vehicles at retail must submitted this tax to the Minnesota Department of Revenue on your Sales and Use Tax return. For more information, see the Motor Vehicle Industry Guide.

City/County	Effective Date
Anoka County	10/1/2017
Beltrami County	4/1/2014
Carlton County	4/1/2015
Carver County	10/1/2017
Dakota County	10/1/2017
Goodhue County	1/1/2019
Hennepin County	10/1/2017
Kandiyohi County	4/1/2018
Otter Tail County	1/1/2016
Ramsey County	10/1/2017
Rogers	10/1/2019
St. Louis County	4/1/2015
Sauk Centre	1/1/2020
Scott County	10/1/2015
Transit Improvement Area	7/1/2008 – 9/30/2017
Washington County	10/1/2017
Willmar	10/1/2019

**Note:** The following cities also have a \$20 vehicle excise tax on sales of motor vehicles made by dealers: Baxter, Brainerd, Clearwater, Hutchinson, Mankato, New Ulm, and Rochester. Worthington’s Motor Vehicle Excise Tax ended September 30, 2018. The Minnesota Department of Revenue does not administer these taxes. For more information, contact the cities directly.

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## Special Local Taxes

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The Minnesota Department of Revenue administers special local taxes imposed in:

- Detroit Lakes
- Giants Ridge Recreation Area (city of Biwabik)
- Lake County
- Lake of the Woods Count
- Mankato
- Marshall
- Minneapolis
- North Mankato
- Proctor
- Rochester
- St. Cloud
- St. Paul
- Two Harbors

For more information, see:

- Local Tax Rate Guide
- Minneapolis Special Taxes Fact Sheet
- Special Local Taxes Fact Sheet

### **Lodging Taxes**

The Department of Revenue only administers the lodging taxes listed in the chart on pages 6-9. Many Minnesota cities, towns, counties, and areas impose a lodging tax that the Department of Revenue does not administer. For more information on those lodging taxes, contact the local government directly.

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## **Local Use Tax**

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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. Use tax is based on your cost of taxable purchases. Common examples of when use tax is due include:

- You buy items outside the local area and the seller does not 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 the Use Tax for Businesses and Use Tax for Individuals Fact Sheets.

### **Credit for Local Tax Paid**

If you pay local sales tax in Minnesota to one locality but use the items in another area with a local tax, you are allowed credit for the local sales tax you already paid. However, local tax paid at the time of purchase is not refundable when the item is then used in another local tax jurisdiction.

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## **Examples**

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In these examples, the Minnesota general rate sales tax always applies and local tax applies as indicated.

- A Duluth company sells and delivers items to a Hermantown business. The Duluth company is required to collect the Hermantown and the St. Louis County Transit Sales Tax.
- A contractor buys and picks up materials in a city with a local tax. The contractor uses the materials in a project located in an area without a local tax. Because the materials were picked up in an area with a local tax, the local tax is due.
- A North Dakota contractor buys materials in North Dakota and pays that states sales tax. The materials are brought into Minnesota and used at a construction site in Bemidji. The contractor owes both:
  - Bemidji Local Use tax on the cost of the materials
  - Use tax on the difference between the two states' tax rates (because North Dakota's state rate is lower than Minnesota's). Report the difference as variable rate use tax on your sales tax return.
- A person sells crafts in a city with a local tax. The seller must collect local tax whenever a customer takes possession of an item in a local tax jurisdiction at the time of sale.
- A photographer takes pictures at a site where there is no local tax. The customer picks up the photos 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 a local tax, they must charge that local tax.

**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**

Minneapolis Special Local Taxes

Sales to Government

Special Local Taxes

Use Tax for Businesses

Use Tax for Individuals

**Industry Guides**

Government – Local Governments

Motor Vehicle

## Local Sales and Use Taxes (including 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%
Avon	Sales and Use Tax	10/1/19	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%
Benton County	Transit Sales and Use Tax	10/1/19	0.50%
Blue Earth	Sales and Use Tax	10/1/19	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%
Cambridge	Sales and Use Tax	10/1/19	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 1/1/17	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* Sales and Use Tax	4/1/11 10/1/19	1.00% 0.50%
Dodge County	Transit Sales and Use Tax	1/1/19	0.50%
Douglas County	Transit Sales and Use Tax	10/1/14	0.50%
Duluth	Sales and Use Tax	10/1/19 (1) 1/1/70 – 9/30/19	1.50% 1.00%
East Grand Forks	Sales and Use Tax	1/1/18 – 9/30/20	1.00%
Elk River	Sales and Use Tax	10/1/19	0.50%
Excelsior	Sales and Use Tax	10/1/19	0.50%
Fairmont	Sales and Use Tax	10/1/17	0.50%
Fergus Falls	Sales and Use Tax	1/1/18 1/1/12 – 12/31/16	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%

City/County	Type of Tax	Begin Date	Rate
Glenwood	Sales and Use Tax	1/1/20	0.50%
Goodhue County	Transit Sales and Use Tax	1/1/19	0.50%
Hennepin County	Sales and Use Tax Transit Sales and Use Tax	1/1/07 10/1/17	0.15% 0.50%
Hermantown	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%
International Falls	Sales and Use Tax	10/1/19	1.00%
Isanti County	Transit Sales and Use Tax	7/1/19	0.50%
Kanabec County	Transit Sales and Use Tax	1/1/20	0.50%
Kandiyohi County	Transit Sales and Use Tax	4/1/18	0.50%
Lake County	Transit Sales and Use Tax Lodging Tax	4/1/17 10/1/20	0.50% 4.00%
Lake of the Woods County	Lodging Tax	1/1/21	3.00%
Lanesboro	Sales and Use Tax	1/1/12	0.50%
Lyon County	Transit Sales and Use Tax	10/1/15 – 6/30/20	0.50%
Mankato	Sales Tax Use Tax Food and Beverage Tax* Entertainment Tax*	4/1/92 1/1/00 4/1/09 4/1/09	0.50% 0.50% 0.50% 0.50%
Marshall	Sales and Use Tax Food and Beverage Tax*	4/1/13 7/1/13	0.50% 1.50%
McLeod County	Transit Sales and Use Tax	1/1/20	0.50%
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 Downtown Liquor Tax* Downtown Restaurant Tax* Entertainment Tax* Lodging Tax*	2/1/87 2/1/87 2/1/87 10/1/69 10/1/19 (2) 10/1/17 – 9/30/19 (3) 4/1/02 – 9/30/17	0.50% 3.00% 3.00% 3.00% 3.00% 2.125% 2.625%
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%
Nobles County	Transit Sales and Use Tax	1/1/21	0.50%
North Mankato	Sales and Use Tax Food and Beverage Tax*	10/1/08 4/1/20	0.50% 0.50%
Olmsted County	Transit Sales and Use Tax Transit Sales and Use Tax	7/1/17 (4) 1/1/14 – 6/30/17	0.50% 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%
Perham	Sales and Use Tax	1/1/20	0.50%

City/County	Type of Tax	Begin Date	Rate
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 (5)	10/1/17	1.00%
		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%
Redwood County	Transit Sales and Use Tax	4/1/19	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	7.00%
Rogers	Sales and Use Tax	10/1/19	0.25%
St. Cloud	Liquor Tax*	2/1/87	1.00%
	Food Tax*	2/1/87	1.00%
St. Cloud Area (7)	Sales and Use Tax	1/1/03	0.50%
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 less than 50 rooms*	4/1/04	3.00%
	Lodging Tax 50+ rooms*	10/1/19 (9) 4/1/04 – 09/30/19	7.00% 6.00%
Sauk Centre	Sales and Use Tax	1/1/20	0.50%
Scanlon	Sales and Use Tax	1/1/20	0.50%
Scott County	Transit Sales and Use Tax	10/1/15	0.50%
Sherburne County	Transit Sales and Use Tax	1/1/19	0.50%
Spicer	Sales and Use Tax	10/1/17	0.50%
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 (8)	Sales and Use Tax	7/1/08 – 9/30/17	0.25%
Two Harbors	Sales and Use Tax	10/1/19 (10)	1.00%
		4/1/99 – 9/30/19	0.50%
	Lodging Tax	10/1/20	1.00%
Virginia	Sales and Use Tax	1/1/20	1.00%
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%
Waseca County	Transit Sales and Use Tax	4/1/19	0.50%
Washington County	Transit Sales and Use Tax	10/1/17	0.25%
West St. Paul	Sales and Use Tax	1/1/20	0.50%
Willmar	Sales and Use Tax	10/1/19	0.50%
		1/1/06 – 12/31/12	0.50%
Winona County	Transit Sales and Use Tax	1/1/17	0.50%
Worthington	Sales and Use Tax	1/1/20	0.50%
		4/1/09 – 9/30/18	0.50%
Wright County	Transit Sales and Use Tax	10/1/17	0.50%



- (1) Duluth Sales and Use Tax increased to 1.50% (from 1.00%) effective 10/1/19.
- (2) Minneapolis Lodging Tax increased from 2.125% to 3.00% effective 10/1/19.
- (3) Minneapolis Lodging Tax decreased to 2.125% (from 2.625%) effective 10/1/17.
- (4) Olmsted County Transit Sales and Use Tax increased to 0.5% (from 0.25%) effective 7/1/17.
- (5) Proctor Sales and Use Tax increased to 1.0% (from 0.5%) effective 10/1/17.
- (6) Rochester Sales and Use Tax increased to 0.75% (from 0.5%) effective 1/1/16.
- (7) St. Cloud Area Tax includes the cities of St. Augusta, St. Cloud, St. Joseph, Sartell, Sauk Rapids, and Waite Park.
- (8) Transit Improvement Area includes the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington.
- (9) St. Paul Lodging Tax increased to 7.00% (from 6.00%) effective 10/1/19.
- (10) Two Harbors Sales and Use Tax increased to 1.0% (from 0.5%) effective 10/1/19.

\* For more information about special local taxes, see:

- Minneapolis Special Local Taxes Fact Sheet
- Special Local Taxes Fact Sheet