

**2021 SALES AND USE TAX
LEGISLATIVE BULLETIN
(2021 1st Special Session)**



Appeals and Legal Services Division
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FINAL 7/23/21

Unless otherwise noted, the provisions discussed in this bulletin can be found in 2021 Minn. Laws, 1st Spec. Sess. Ch. 14, Arts. 4, 8, and 14.

June accelerated sales tax payment reduction. Minn. Stat. § 16A.152, subd. 2, as amended by Minnesota Laws 2021, chapter 31, article 1, section 9, was amended to require the reduction of the June accelerated sales tax payment percentage if there is a budget surplus, determined by a November forecast. This reduction is the sixth priority for the allocation of additional revenues if the commissioner of management and budget determines there is a budget surplus. By March 15 following a November forecast, the commissioner of management and budget is required to provide the commissioner of revenue with the reduced percentage. By April 15 of the same year, the commissioner of revenue must certify the reduced percentage owed by vendors. Effective July 1, 2021. Art. 4, § 1.

June accelerated payments. Minn. Stat. § 289A.20, subd. 4, was amended to provide that the June accelerated sales tax payment percentage may be reduced in accordance with Minn. Stat. § 16A.152, subd. 2. If the June accelerated sales tax payment percentage is reduced to zero, the June accelerated payment for sales and use tax liabilities expires. Additionally, this amendment excludes the vendors of certain construction materials from the requirement to make June accelerated payments. Effective for sales and purchases made after June 30, 2021. Art. 4, § 2.

Minn. Stat. § 289A.20, subd. 4, was also amended so that the June accelerated sales tax payment percentages referred to in paragraph (c), clause (2), correctly match with the percentages specified in paragraph (b), clause (1). Effective July 2, 2021. Art. 14, § 1.

Penalty for underpayment of June accelerated liability. Minn. Stat. 289A.60, subd. 15, was amended to adjust the threshold for the imposition of the underpayment penalty to account for the reduced June accelerated sales tax payment percentage owed by vendors as a result of Minn. Stat. § 16A.152, subd. 2. Additionally, the penalty expires if the estimated payment is reduced to zero. Effective for estimate payments required to be made after July 1, 2021. Art. 4, § 3.

Liquor gross receipts tax. Minn. Stat. § 295.75, subd. 2, was amended to clarify that a liquor retailer may (but is not required to) collect the liquor gross receipts tax from the purchaser and the tax is excluded from sales price for purposes of sales tax if separately stated on the receipt given to the purchaser. Effective July 2, 2021. Art. 14, § 2.

Marketplace provider liability. Minn. Stat. § 297A.66, subd. 3, was amended by adding language to paragraph (a), clearly indicating that a marketplace provider is deemed to be the retailer or seller for all retail sales the marketplace provider facilitates. Effective July 2, 2021. Art. 14, § 3.

Season ticket purchasing rights to collegiate events. Minn. Stat. § 297A.67 was amended by adding a subdivision 38 to exempt the sale of a right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location, provided that (1) the consideration paid for the right to purchase is used entirely to support student scholarships, wellness, and academic costs, (2) the consideration paid for the right to purchase is separately stated from the admission price, and (3) the admission price is equal to or greater than the highest priced general admission ticket for the closest seat not in the preferred viewing location. Effective retroactively for sales and purchases made after June 30, 2021. Art. 4, § 4.

Fund-raising sales by school organizations. Minn. Stat. § 297A.70, subd. 13, was amended so that the sales tax exemption under paragraph (a)(1) for fund-raising sales will apply to school organizations for extracurricular activities, notwithstanding the proceeds are recorded in the same manner as other revenues or expenditures of the school district under Minn. Stat. § 123B.49, subd. 4. The exemption will apply as long as (1) the sales are made for the fund-raising purposes of an organization of elementary or secondary school students for the purpose of carrying on sports, educational, or other extracurricular activities; and (2) the school district reserves the revenues raised for use in extracurricular activities and only spends the revenue raised by a particular activity for that activity. Effective for sales and purchases made after July 2, 2021. Art. 4, § 5.

City of Minnetonka fire and police station construction exemption. Minn. Stat. § 297A.71, subd. 52, was amended to extend the sales tax exemption for materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of a fire station and police station in the city of Minnetonka, to purchases made before January 1, 2022. Effective July 2, 2021. Art. 4, § 6.

Public safety facilities. Minn. Stat. § 297A.71 was amended by adding a subdivision 53 that provides materials and supplies used or consumed in and equipment incorporated into the construction, remodeling, expansion, or improvement of a fire station or police station, including related facilities, owned and operated by a local government are exempt from sales tax. Sales tax must be imposed and collected as if it applied and then refunded in the manner provided by section 297A.75.

Additionally, Minn. Stat. § 297A.75, subd. 1, was amended to add a clause (18) to provide that the sales tax paid under Minn. Stat. § 297A.71, subd. 53, is refundable; and subd. 2, clause (8), and subd. 3, were amended to reference subd. 1, clause (18), so that the applicant for the refund must be the government entity that owns or contracts for the project or facility, and a contractor, subcontractor, or builder that paid the sales tax must furnish the refund applicant with a statement including the cost of the exempt items and the taxes paid on the items. Effective retroactively for sales and purchases made after June 30, 2021. Art. 4, §§ 7-10.

City of Melrose; sales tax construction exemption. Minnesota Laws 2017, First Special Session chapter 1, article 3, section 32, the effective date, as amended by Minnesota Laws 2019, First Special Session chapter 6, article 3, section 18, was amended to extend the sales tax exemption for construction materials used in the reconstruction and recovery of properties destroyed by the September 8, 2016, fire in the city of Melrose. The expiration of the exemption was extended from sales and purchases made before January 1, 2023, to sales and purchases made before July 1, 2023. Effective July 2, 2021. Art. 4, § 11.

City of Alexandria; properties destroyed or damaged by fire. Uncodified session law provides a sales tax exemption for certain items purchased after February 24, 2020, and before February 28, 2023, if used to repair, replace, clean, or otherwise remediate damage to real and personal property damaged or destroyed in the February 25, 2020, fire in the city of Alexandria, including durable equipment used in a restaurant for food storage, preparation, and serving. Additionally, building cleaning and disinfecting services related to mitigating smoke damage to real property are exempt from sales and use tax if sales and purchases are made after February 24, 2020, and before January 1, 2021. For any of these sales and purchases made before July 1, 2021, sales tax must be imposed and collected as if it applied and then refunded in the manner provided in Minnesota Statutes, section 297A.75. Effective July 2, 2021 and applies retroactively to sales and purchases made after February 24, 2020. Art. 4, § 12.

City of Buffalo; sales tax exemption for construction materials. Uncodified session law provides a sales tax exemption for materials and supplies used in and equipment incorporated into the construction of a new fire station, which includes firefighting, emergency management, public safety training, and other public safety facilities in the city of Buffalo, if materials, supplies, and equipment are purchased after March 31, 2020, and before July 1, 2021. Sales tax must be imposed and collected as if it applied and then refunded in the same manner provided for projects under Minn. Stat. § 297A.75, subd. 1(17). Effective retroactively from April 1, 2020, and applies to sales and purchases made after March 31, 2020, and before July 1, 2021. Art. 4, § 13.

City of Maplewood; sales tax exemption for construction materials. Uncodified session law provides a sales tax exemption for materials and supplies used in and equipment incorporated into the construction of a new fire station and emergency management operations center, including on-site infrastructure improvements of the parking lot, road access, lighting, sidewalks, and utility components in the city of Maplewood, if materials, supplies, and equipment are purchased after September 30, 2020, and before July 1, 2021. Sales tax must be imposed and collected as if it applied and then refunded in the same manner provided for projects under Minn. Stat. § 297A.75, subd. 1(17). Effective retroactively from August 1, 2020, and applies to sales and purchases made after September 30, 2020, and before July 1, 2021. Art. 4, § 14.

City of Plymouth; sales tax exemption for construction materials. Uncodified session law provides a sales tax exemption for materials and supplies used in and equipment incorporated into the following projects in the city of Plymouth, if materials, supplies, and equipment are purchased after January 1, 2021, and before July 1, 2021: demolition and replacement of the existing Fire Station No. 2 on its existing site; and renovation and expansion of Fire Station No. 3. Sales tax must be imposed and collected as if it applied and then refunded in the same manner

provided for projects under Minn. Stat. § 297A.75, subd. 1(17). Effective retroactively from January 2, 2021, and applies to sales and purchases made after January 1, 2021, and before July 1, 2021. Art. 4, § 15.

Repealer. Repealed Minn. Stat. § 270C.17, subd. 2, which requires local units of government, whose tax is administered by the department, to pay for new computer system development costs. Subdivision 2 is unnecessary as the commissioner is required to deduct from the proceeds remitted any direct or indirect costs to administer, audit, and collect local sales taxes under Minn. Stat. § 297A.99, subd. 11. Effective July 2, 2021. Art. 14, § 4.

LOCAL SALES TAXES

“Capital project” defined; local resolution. Minn. Stat. § 297A.99, subd. 2, was amended by adding a paragraph defining “capital project” and “project.” Effective for local sales tax proposals submitted for approval after July 2, 2021. Art. 8, § 1.

City of Sartell; modification to local food and beverage tax authorization. 2019 Minn. Laws, 1st Spec. Sess., ch. 6, art. 6, § 27, was amended by deleting superfluous language and by replacing reference to the 2020 general election date with language relating to the adoption of a resolution by the governing body of the city of Sartell. Also removes the five-year expiration date of the tax authorized to be imposed. Effective upon Sartell filing approval with the Secretary of State. Art. 8, § 2.

Local Sales Taxes Authorized

Carlton County. Uncodified session law authorizes Carlton County to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Carlton County to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 30 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the county chooses to terminate the new tax by ordinance. Effective upon Carlton County filing approval with the Secretary of State. Art. 8, § 3.

City of Cloquet. Uncodified session law authorizes the city of Cloquet to impose a tax of one-half of one percent to fund any or all of the specific projects based on voter approval at a general election. The amount spent on each project is limited as set forth in the law and is in addition to interest on and the costs of issuing any bonds. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Cloquet to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: ten years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Cloquet filing approval with the Secretary of State. Art. 8, § 4.

City of Edina. Uncodified session law authorizes the city of Edina to impose a tax of one-half of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes

Edina to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: 19 years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Edina filing approval with the Secretary of State. Art. 8, § 5.

City of Fergus Falls. Uncodified session law authorizes the city of Fergus Falls to impose a tax of one-half of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Fergus Falls to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: December 31, 2037, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Fergus Falls filing approval with the Secretary of State. Art. 8, § 6.

City of Grand Rapids. Uncodified session law authorizes the city of Grand Rapids to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Grand Rapids to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: seven years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Grand Rapids filing approval with the Secretary of State. Art. 8, § 7.

City of Hermantown. Uncodified session law authorizes the city of Hermantown to impose a tax of one-half of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Hermantown to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: 20 years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Hermantown filing approval with the Secretary of State. Art. 8, § 8.

Itasca County. Uncodified session law authorizes Itasca County to impose a tax of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Itasca County to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: 30 years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the county chooses to terminate the new tax by ordinance. Effective upon Itasca County filing approval with the Secretary of State. Art. 8, § 9.

City of Litchfield. Uncodified session law authorizes the city of Litchfield to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Litchfield to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 20 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Litchfield filing approval with the Secretary of State. Art. 8, § 10.

City of Little Falls. Uncodified session law authorizes the city of Little Falls to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Little Falls to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 30 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Little Falls filing approval with the Secretary of State. Art. 8, § 11.

City of Maple Grove. Uncodified session law authorizes the city of Maple Grove to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Maple Grove to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 20 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Maple Grove filing approval with the Secretary of State. Art. 8, § 12.

Mille Lacs County. Uncodified session law authorizes Mille Lacs County to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Mille Lacs County to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: eight years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the county chooses to terminate the new tax by ordinance. Effective upon Mille Lacs County filing approval with the Secretary of State. Art. 8, § 13.

City of Moorhead. Uncodified session law authorizes the city of Moorhead to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Moorhead to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 22 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Moorhead filing approval with the Secretary of State. Art. 8, § 14.

City of Oakdale. Uncodified session law authorizes the city of Oakdale to impose a tax of one-half of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Oakdale to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: 25 years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Oakdale filing approval with the Secretary of State. Art. 8, § 15.

City of St. Cloud. Uncodified session law authorizes the city of St. Cloud to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes St. Cloud to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: five years, when sufficient revenues have been raised to pay for the project plus

any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon St. Cloud filing approval with the Secretary of State. Art. 8, § 16.

City of St. Peter. Uncodified session law authorizes the city of St. Peter to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes St. Peter to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 40 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon St. Peter filing approval with the Secretary of State. Art. 8, § 17.

City of Staples. Uncodified session law authorizes the city of Staples to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Staples to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 25 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Staples filing approval with the Secretary of State. Art. 8, § 18.

City of Wadena. Uncodified session law authorizes the city of Wadena to impose a tax of one-quarter of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Wadena to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 20 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Wadena filing approval with the Secretary of State. Art. 8, § 19.

City of Waite Park. Uncodified session law authorizes the city of Waite Park to impose a tax of one-half of one percent to fund specific projects based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Waite Park to issue bonds to finance all or a portion of the projects. The tax expires at the earlier of: 19 years, when sufficient revenues have been raised to pay for the projects plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Waite Park filing approval with the Secretary of State. Art. 8, § 20.

City of Warren. Uncodified session law authorizes the city of Warren to impose a tax of one-half of one percent to fund a specific project based on voter approval at a general election. The tax is in addition to any local sales and use tax imposed under any other special law. Also authorizes Warren to issue bonds to finance all or a portion of the project. The tax expires at the earlier of: 20 years, when sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the city chooses to terminate the new tax by ordinance. Effective upon Warren filing approval with the Secretary of State. Art. 8, § 21.