



# Presentation to the Local Taxes Advisory Task Force

9/13/2023

Overview of Local Sales Tax Summary: 2008-2003

Sales Tax Rate Map Demonstration

Highlighting the 2021 Tax Incidence Study

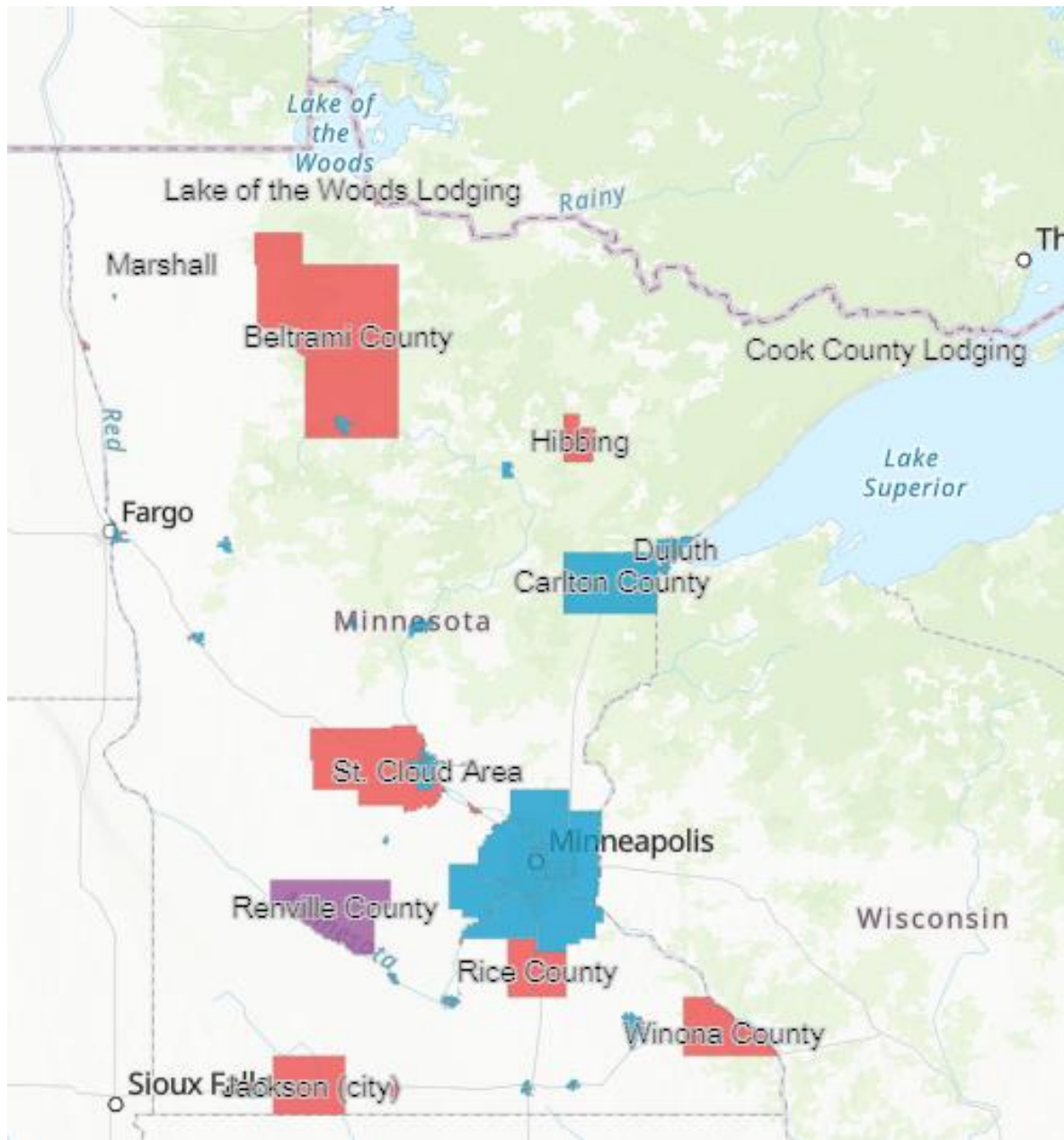
Reviewing 2021 data from the Office of the State Auditor

Financial Information from Cities and Counties with Sales Taxes

# Local Sales Tax Summary from 2008-2023

- Revenue is developing an interactive tool that provides summary data of local sales taxes from 2008 to 2023.
- This map will be made available as soon as it is completed.
- We will preview the map in this presentation to highlight some of the visual data.

# Local Sales Taxes in 2023

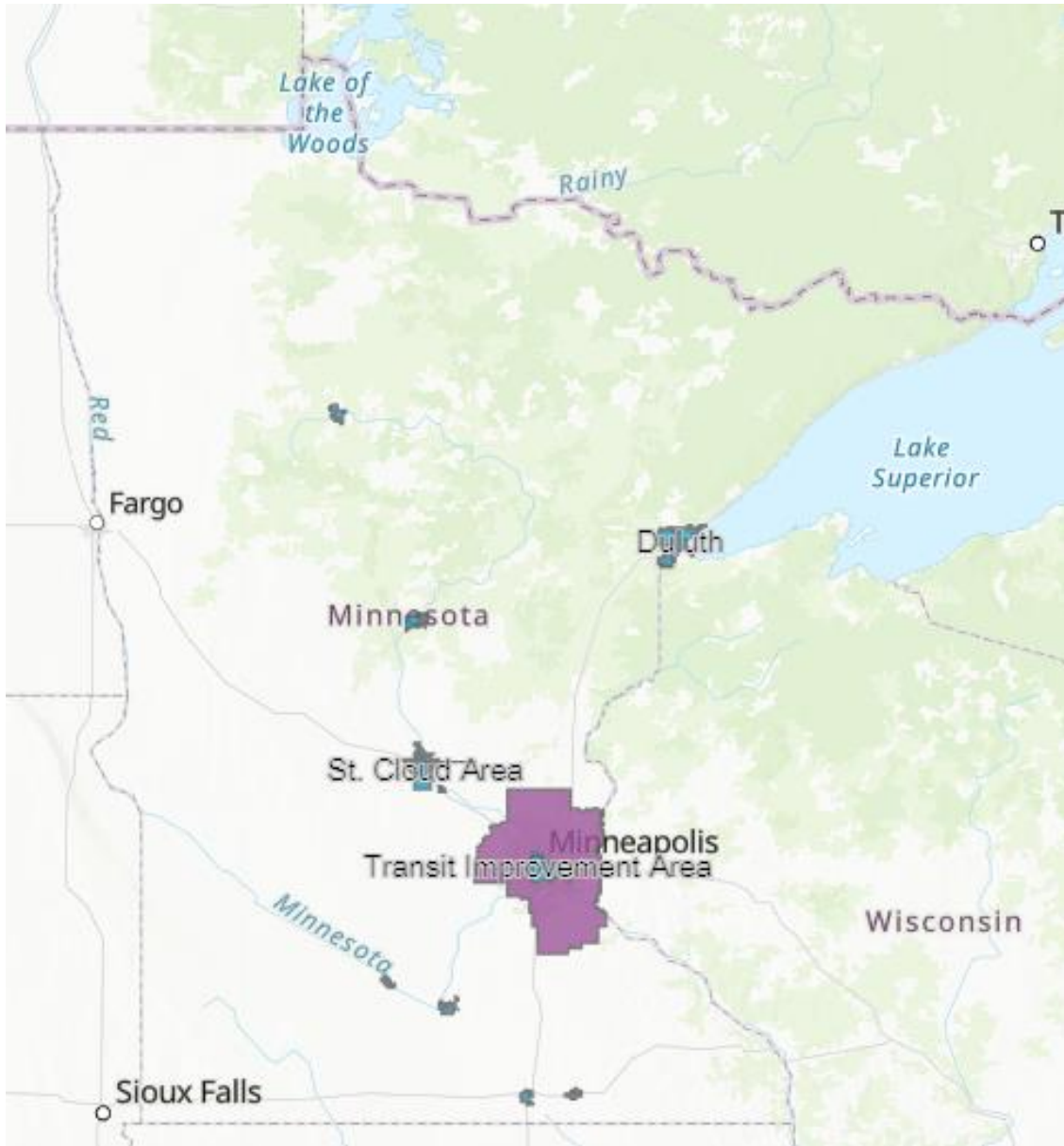


**Layer List** [Up Arrow] [Close X]

**Layers** [Search Icon] [Layers Icon]

- Tax\_Year\_2023 [More Icon]
- Pending Local
- General
- Local Tax Change
- Transit
- Tax Year 2022 [More Icon]
- Tax Year 2021 [More Icon]
- Tax Year 2020 [More Icon]

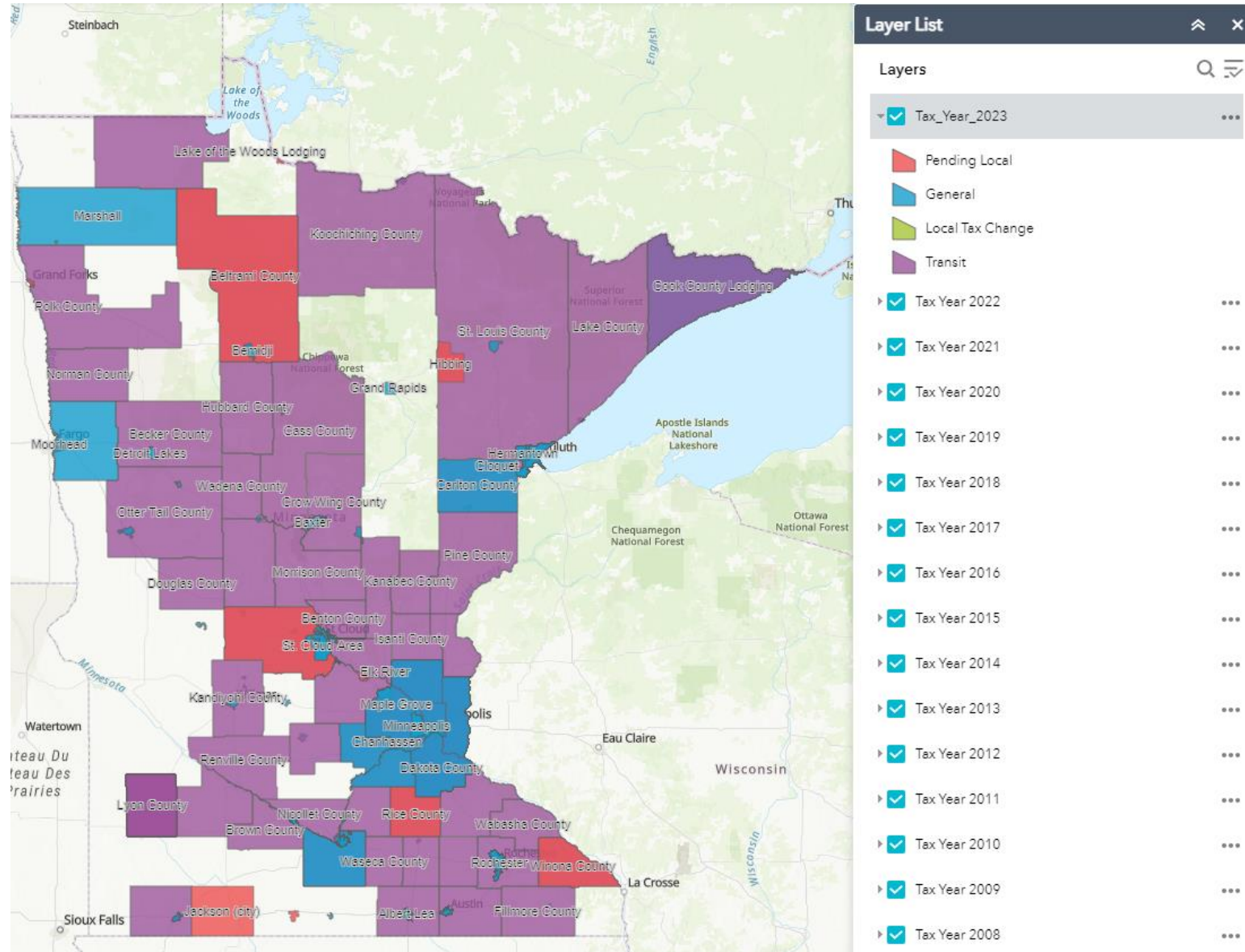
# Local Sales Taxes in 2008



▼  Tax Year 2008

-  Pending Local
-  General
-  Local Tax Change
-  Transit

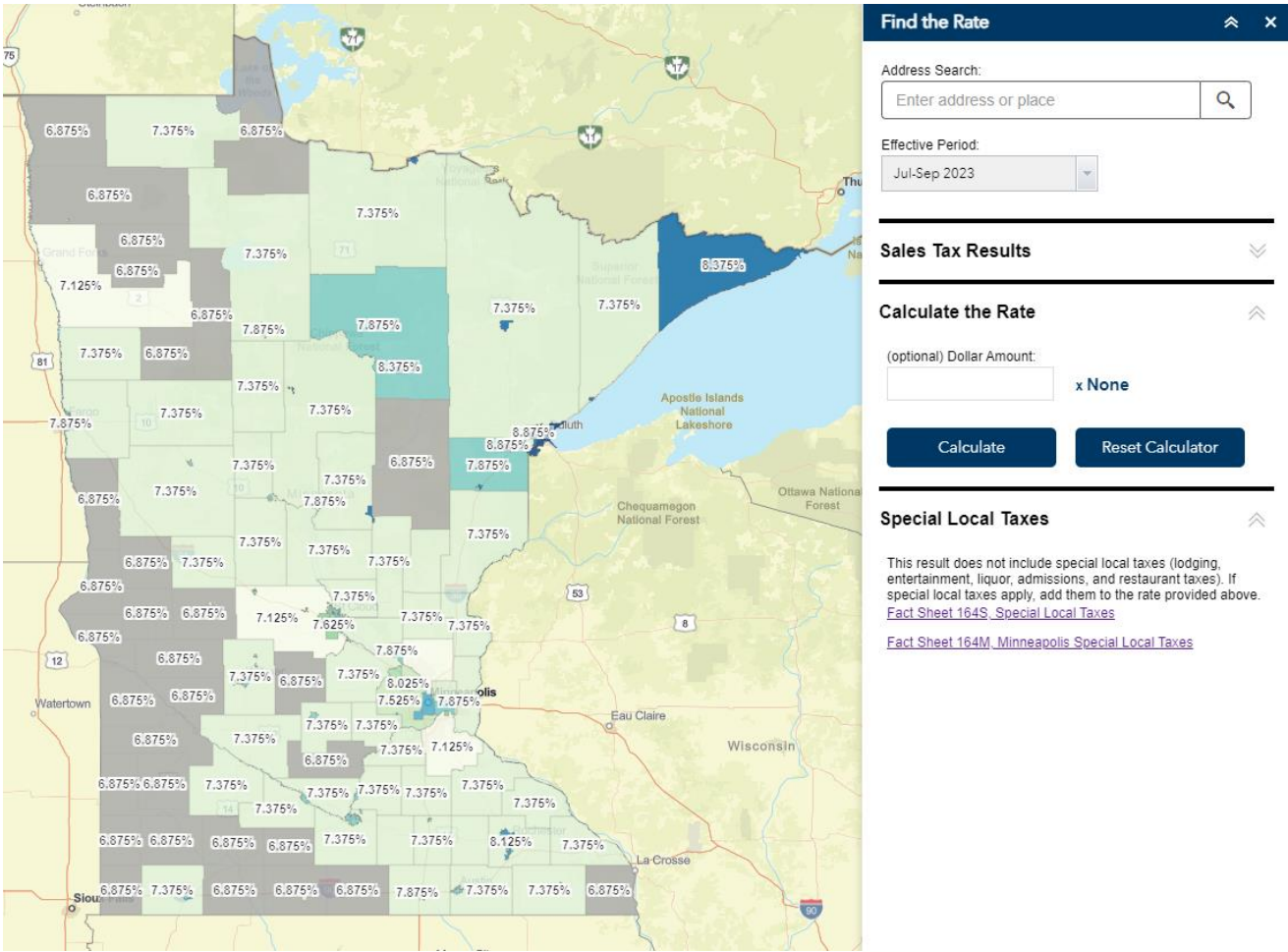
# Local Sales Taxes from 2008 to 2023



# Sales Tax Rate Map Demonstration

- Using three products we will compare how businesses and consumers may be impacted by different sales tax rates.
  - Post-It Notes (6 Pack): \$5.39
  - Nike Soccer Cleats: \$88.54
  - Apple iPhone 14 128 GB: \$799.99
- We will use Minneapolis, Duluth, and Anoka County in this demonstration.
- The map is available on online: [Sales Tax Rate Map \(state.mn.us\)](https://state.mn.us)

# Navigating the Sales Tax Rate Map



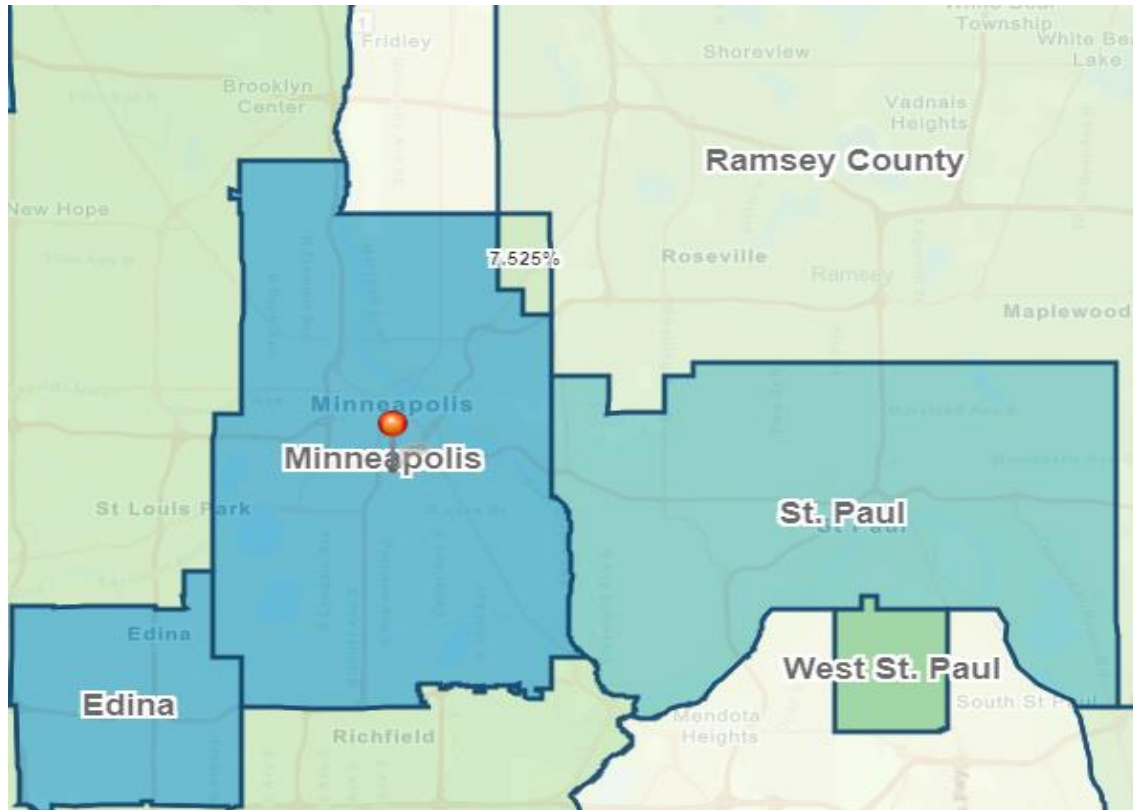
The screenshot displays the Minnesota Sales Tax Rate Map interface. On the left is a map of Minnesota with various counties shaded in different colors, each labeled with a sales tax rate. Rates range from 6.875% to 8.375%. Major cities like St. Paul, Minneapolis, and Eau Claire are visible. On the right is a sidebar titled "Find the Rate" with a search bar, an "Effective Period" dropdown set to "Jul-Sep 2023", and a "Sales Tax Results" section. Below that is a "Calculate the Rate" section with an "optional Dollar Amount" input field and "Calculate" and "Reset Calculator" buttons. At the bottom of the sidebar is a "Special Local Taxes" section with explanatory text and links to fact sheets.



This screenshot shows the mobile version of the Minnesota Sales Tax Rate Map. The top header includes the Minnesota Department of Revenue logo and the title "Sales Tax Rate Map". Below the header is a map with a zoom-in (+) and zoom-out (-) button, a home button, and a refresh button. The map shows a portion of Minnesota with the city of Estevan and highways 85 and 52 visible.



# Post-It Notes: Minneapolis



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.15%, Hennepin County

City Tax: 0.5%, Minneapolis City

Other Tax: 0.5%, Hennepin County Transit

Total Sales Tax Rate: 8.025%

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$5.39

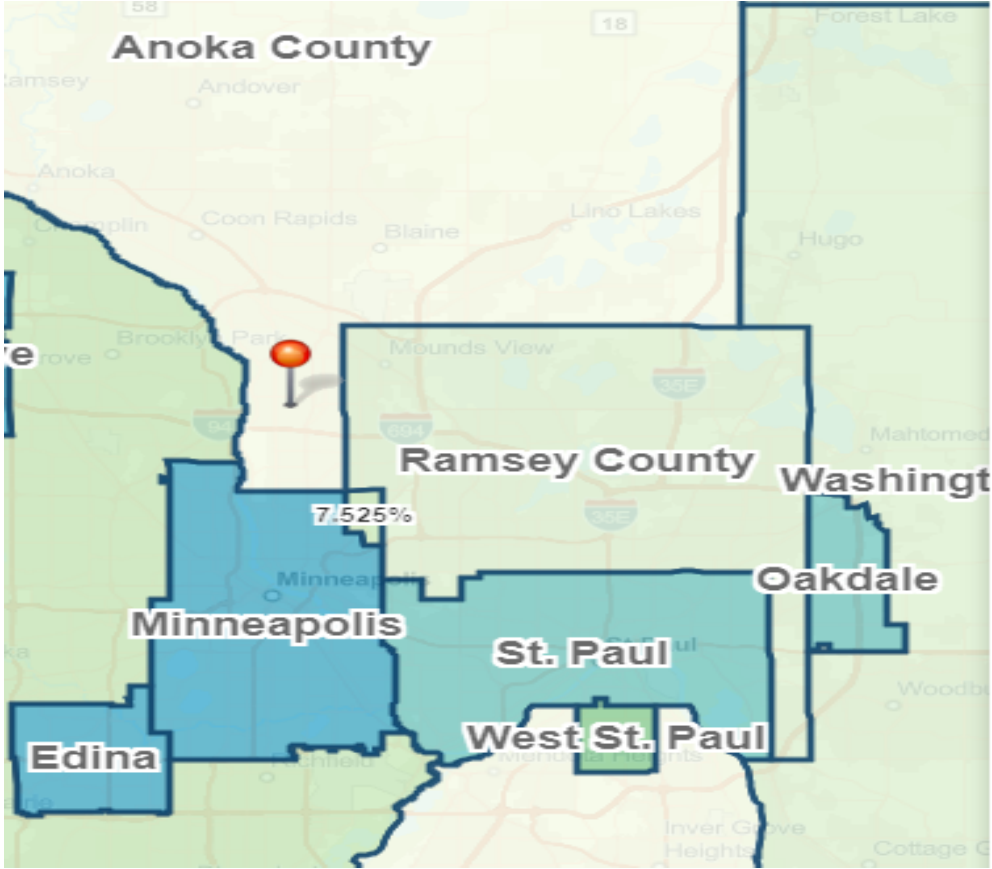
x 8.025%

The tax on \$5.39 is \$0.43

Calculate

Reset Calculator

# Post-It Notes: Anoka County



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

- State Tax: 6.875%
- County Tax: 0.25%, Anoka County Transit
- City Tax: None
- Other Tax: None
- Total Sales Tax Rate: 7.125%

[Reset Address](#) [Download Results](#)

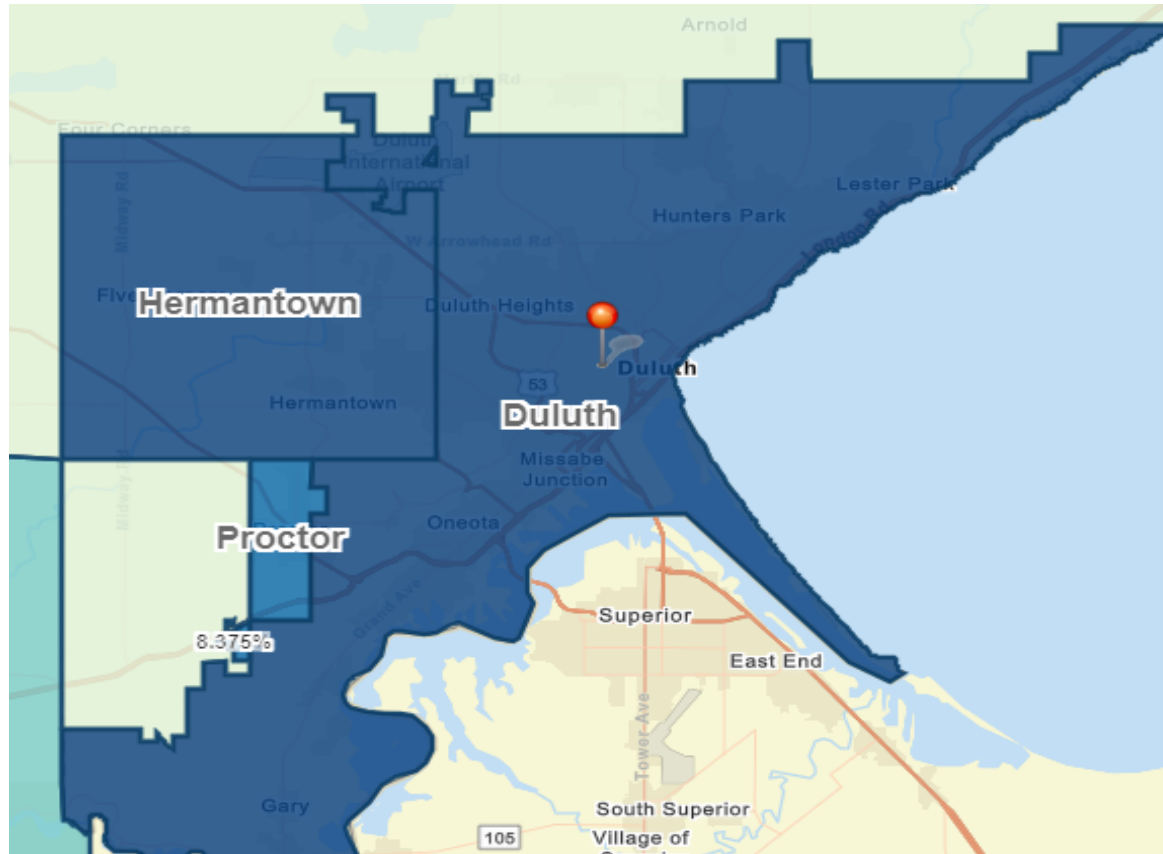
## Calculate the Rate

(optional) Dollar Amount:  x 7.125%

The tax on \$5.39 is \$0.38

[Calculate](#) [Reset Calculator](#)

# Post-It Notes: Duluth



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.5%, St. Louis County Transit

City Tax: 1.5%, Duluth City

Other Tax: None

Total Sales Tax Rate: 8.875%

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$5.39

x 8.875%

The tax on \$5.39 is \$0.48

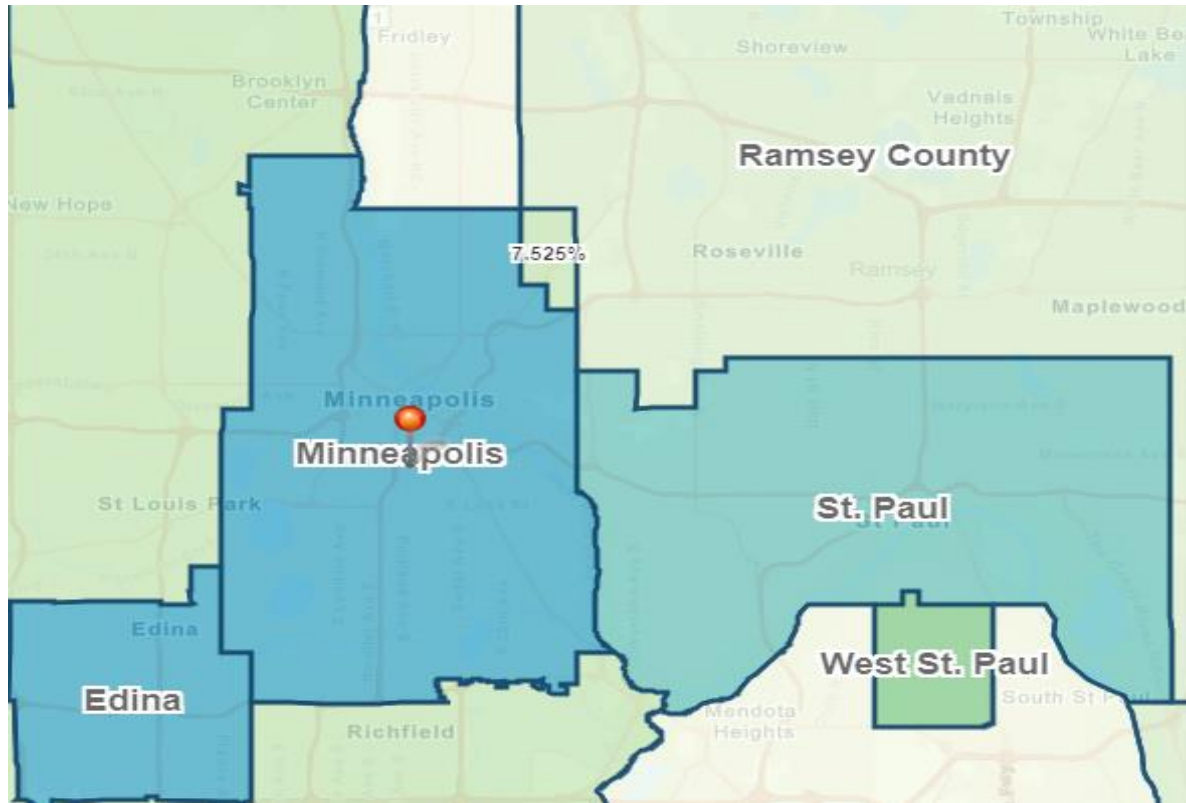
Calculate

Reset Calculator

# Overview of Post-It Notes

Location	Price	State Tax	County Tax	City Tax	Other Tax	Tax \$	Total \$
Minneapolis	\$5.39	6.875%	0.15% (Hennepin County)	0.5%	0.5% (Hennepin County Transit)	\$0.43	\$5.82
Anoka County	\$5.39	6.875%	0.25% (Anoka County Transit)	-	-	\$0.38	\$5.77
Duluth	\$5.39	6.875%	0.5% (St. Louis County Transit)	1.5%	-	\$0.48	\$5.87

# Soccer Cleats: Minneapolis



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.15%, Hennepin County

City Tax: 0.5%, Minneapolis City

Other Tax: 0.5%, Hennepin County Transit

Total Sales Tax Rate: 8.025%

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$88.54

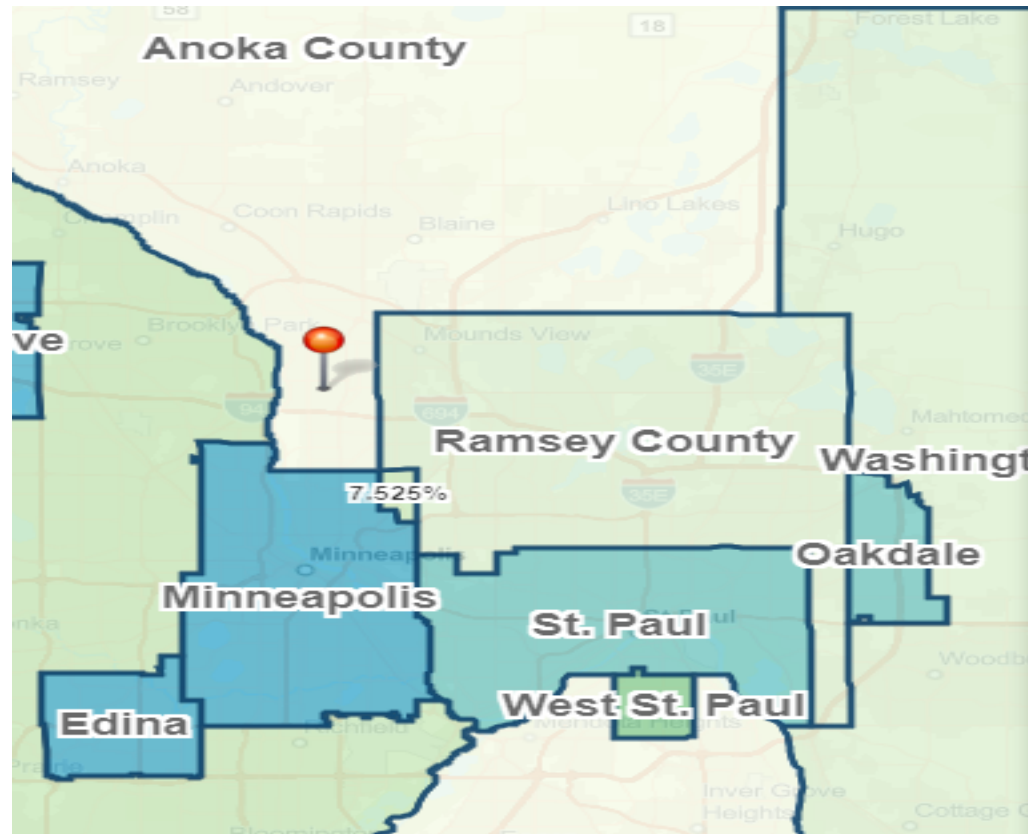
x 8.025%

The tax on \$88.54 is \$7.11

Calculate

Reset Calculator

# Soccer Cleats: Anoka County



## Sales Tax Results ⌵

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.25%, Anoka County Transit

City Tax: None

Other Tax: None

Total Sales Tax Rate: 7.125%

Reset Address

Download Results

## Calculate the Rate ⌵

(optional) Dollar Amount:

\$88.54

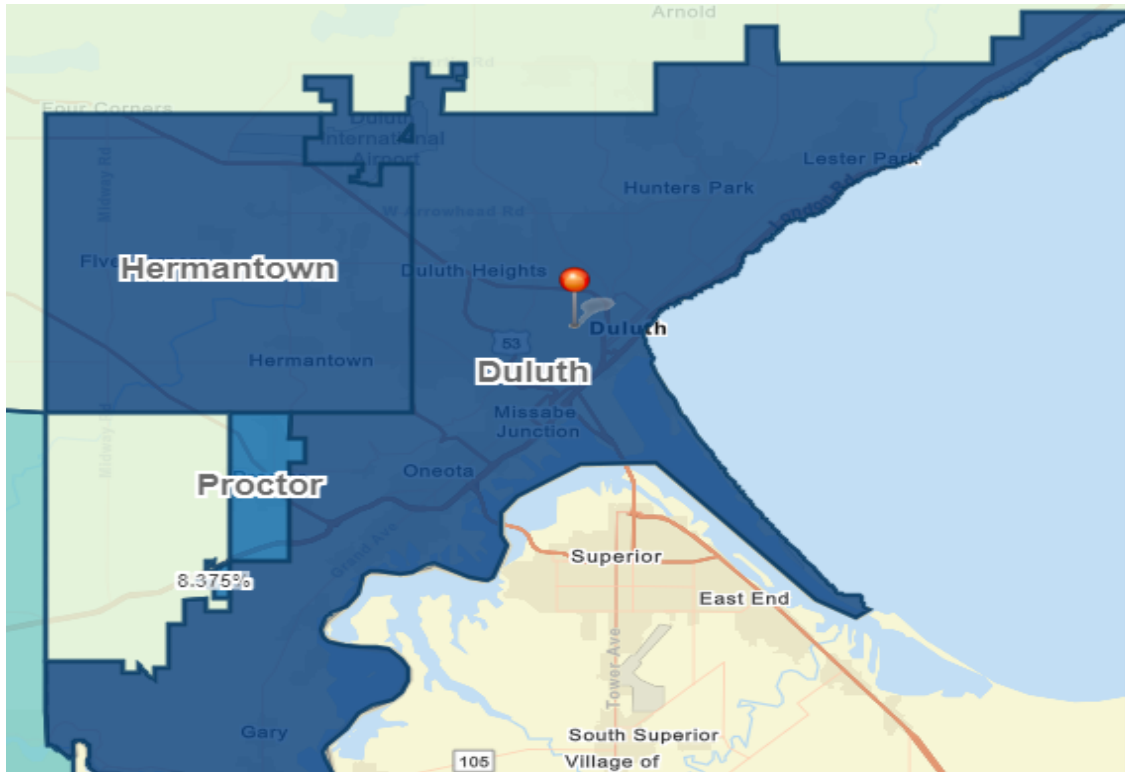
x 7.125%

The tax on \$88.54 is \$6.31

Calculate

Reset Calculator

# Soccer Cleats: Duluth



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.5%, St. Louis County Transit

City Tax: 1.5%, Duluth City

Other Tax: None

Total Sales Tax Rate: 8.875%

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$88.54

x 8.875%

The tax on \$88.54 is \$7.86

Calculate

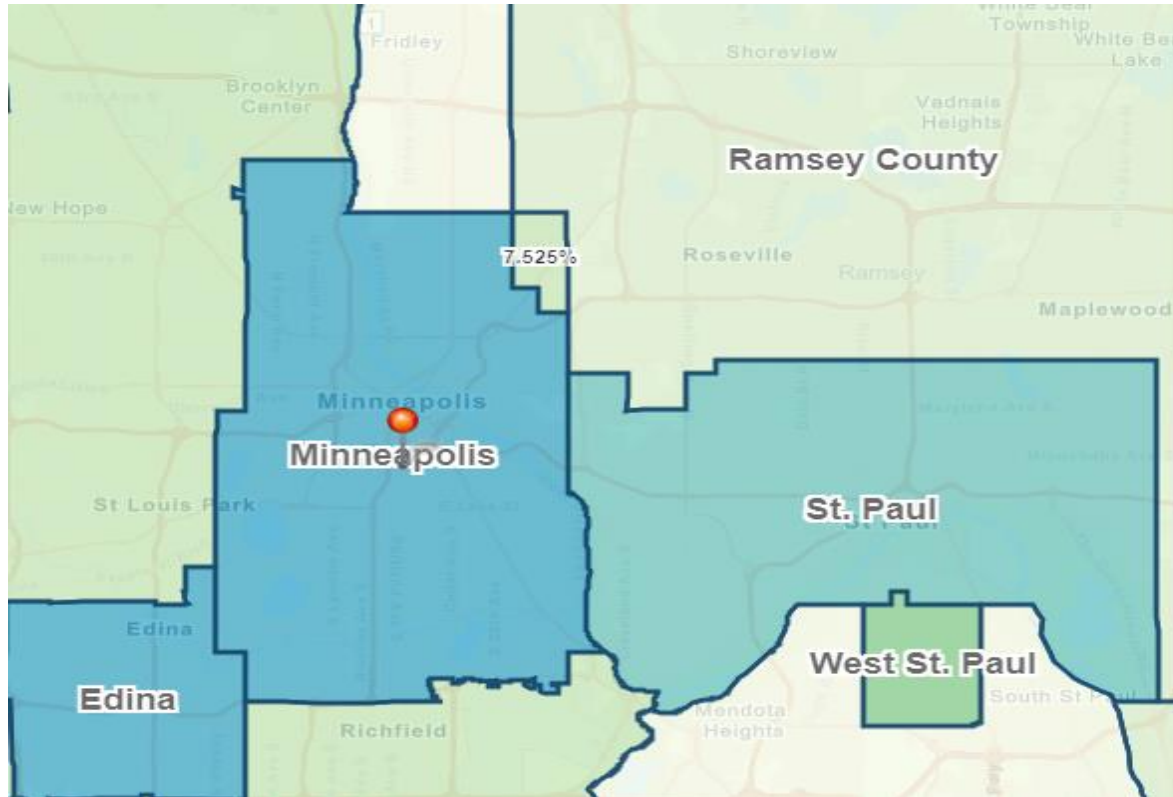
Reset Calculator

# Overview of Soccer Cleats

Location	Price	State Tax	County Tax	City Tax	Other Tax	Tax \$	Total \$
Minneapolis	\$88.54	6.875%	0.15% (Hennepin County)	0.5%	0.5% (Hennepin County Transit)	\$7.11	\$95.65
Anoka County	\$88.54	6.875%	0.25% (Anoka County Transit)	-	-	\$6.31	\$94.85
Duluth	\$88.54	6.875%	0.5% (St. Louis County Transit)	1.5%	-	\$7.86	\$96.40



# iPhone: Minneapolis



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.15%, Hennepin County

City Tax: 0.5%, Minneapolis City

Other Tax: 0.5%, Hennepin County Transit

Total Sales Tax Rate: 8.025%

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$799.99

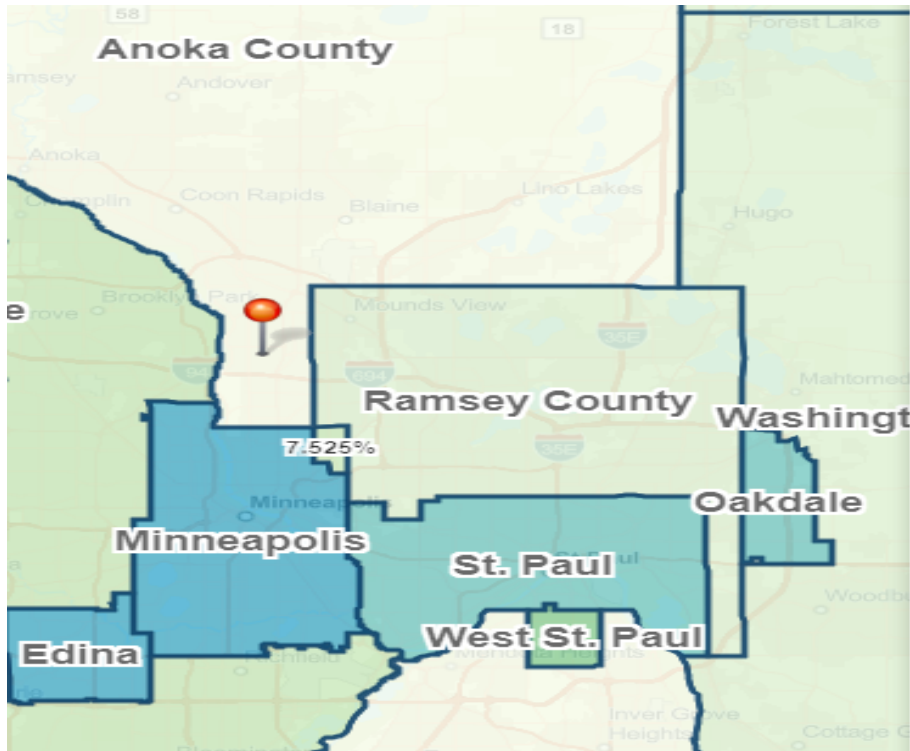
x 8.025%

The tax on \$799.99 is \$64.20

Calculate

Reset Calculator

# iPhone: Anoka County



## Sales Tax Results

Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.25%, Anoka County Transit

City Tax: None

Other Tax: None

**Total Sales Tax Rate: 7.125%**

Reset Address

Download Results

## Calculate the Rate

(optional) Dollar Amount:

\$799.99

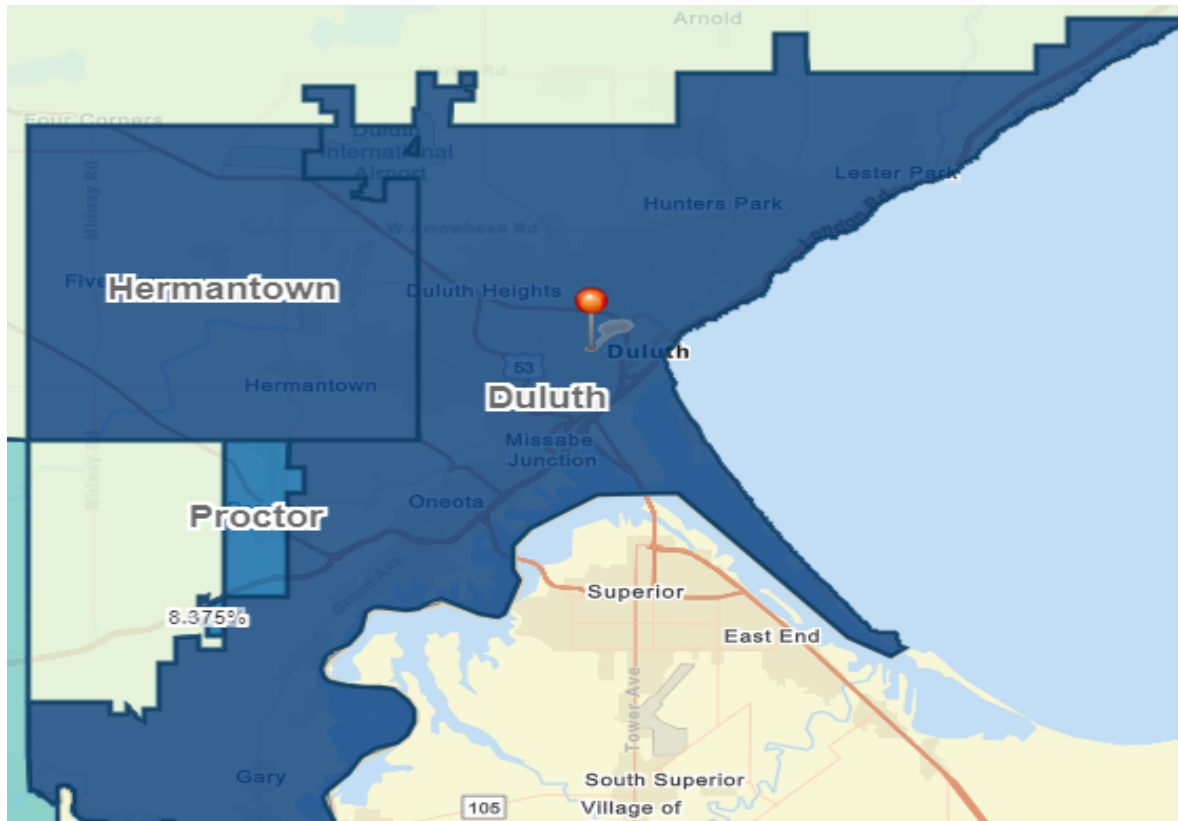
x 7.125%

The tax on \$799.99 is \$57.00

Calculate

Reset Calculator

# iPhone: Duluth



## Sales Tax Results



Address Returned: None

### Local General Sales & Use Tax Rates

State Tax: 6.875%

County Tax: 0.5%, St. Louis County Transit

City Tax: 1.5%, Duluth City

Other Tax: None

Total Sales Tax Rate: 8.875%

Reset Address

Download Results

## Calculate the Rate



(optional) Dollar Amount:

\$799.99

x 8.875%

The tax on \$799.99 is \$71.00

Calculate

Reset Calculator

# Overview of iPhone

Location	Price	State Tax	County Tax	City Tax	Other Tax	Tax \$	Total \$
Minneapolis	\$799.99	6.875%	0.15% (Hennepin County)	0.5%	0.5% (Hennepin County Transit)	\$64.20	\$864.19
Anoka County	\$799.99	6.875%	0.25% (Anoka County Transit)	-	-	\$57.00	\$856.99
Duluth	\$799.99	6.875%	0.5% (St. Louis County Transit)	1.5%	-	\$71.00	\$870.99

**Table 2 - 1**  
**2018 Tax Collection Amounts (\$ Millions)**

Tax Type	Total	As Imposed			After shifting		Full-Sample Suits Index
		MN HH's	NR	Business	Minnesota	Exported	
<b>Total Income and Estate Taxes</b>	\$13,818	\$11,593	\$720	\$1,504	\$12,436	\$1,382	+0.220
<b>Total Consumption Taxes</b>	\$9,923	\$5,555	\$489	\$3,879	\$7,909	\$2,014	-0.258
<b>Total Property Taxes</b>	\$1,860	\$849	\$8	\$1,002	\$1,375	\$485	-0.135
<b>Total Property Tax Refunds</b>	-\$723	-\$723			-\$723		+0.709
<b>Total State Taxes</b>	\$24,878	\$17,275	\$1,218	\$6,385	\$20,997	\$3,881	+0.049
<b>Local Taxes</b>							
<b>Taxes on Property</b>	\$9,350	\$4,720	\$70	\$4,560	\$7,651	\$1,699	-0.170
General Property Tax	9,211	4,684	70	4,457	7,599	1,612	-0.170
Homeowners (before PTR)	4,398	4,398			4,398		-0.181
Residential recreational & 2nd homes	356	285	70		285	70	-0.039
Commercial <sup>2</sup>	1,730			1,730	941	789	-0.052
Industrial	527			527	112	415	0.124
Farm (other than residence) <sup>4</sup>	630			630	629	2	-0.166
Rental Housing (before PTR) <sup>5</sup>	1,171			1,171	986	185	-0.299
Utility <sup>6</sup>	399			399	248	151	-0.207
Mining Production Taxes (taconite)	94			94	9	85	0.303
Wheelage Taxes	45	37		9	43	3	-0.327
<b>Taxes on Consumption</b>							
Local Sales Taxes <sup>7</sup>	650	263	77	310	465	185	-0.185
Local Gross Earnings Taxes	173			173	108	66	-0.207
<b>Total Local Taxes</b>	\$10,174	\$4,983	\$148	\$5,043	\$8,224	\$1,950	-0.171
<b>Total State and Local Taxes</b>	\$35,052	\$22,258	\$1,366	\$11,428	\$29,221	\$5,831	-0.013

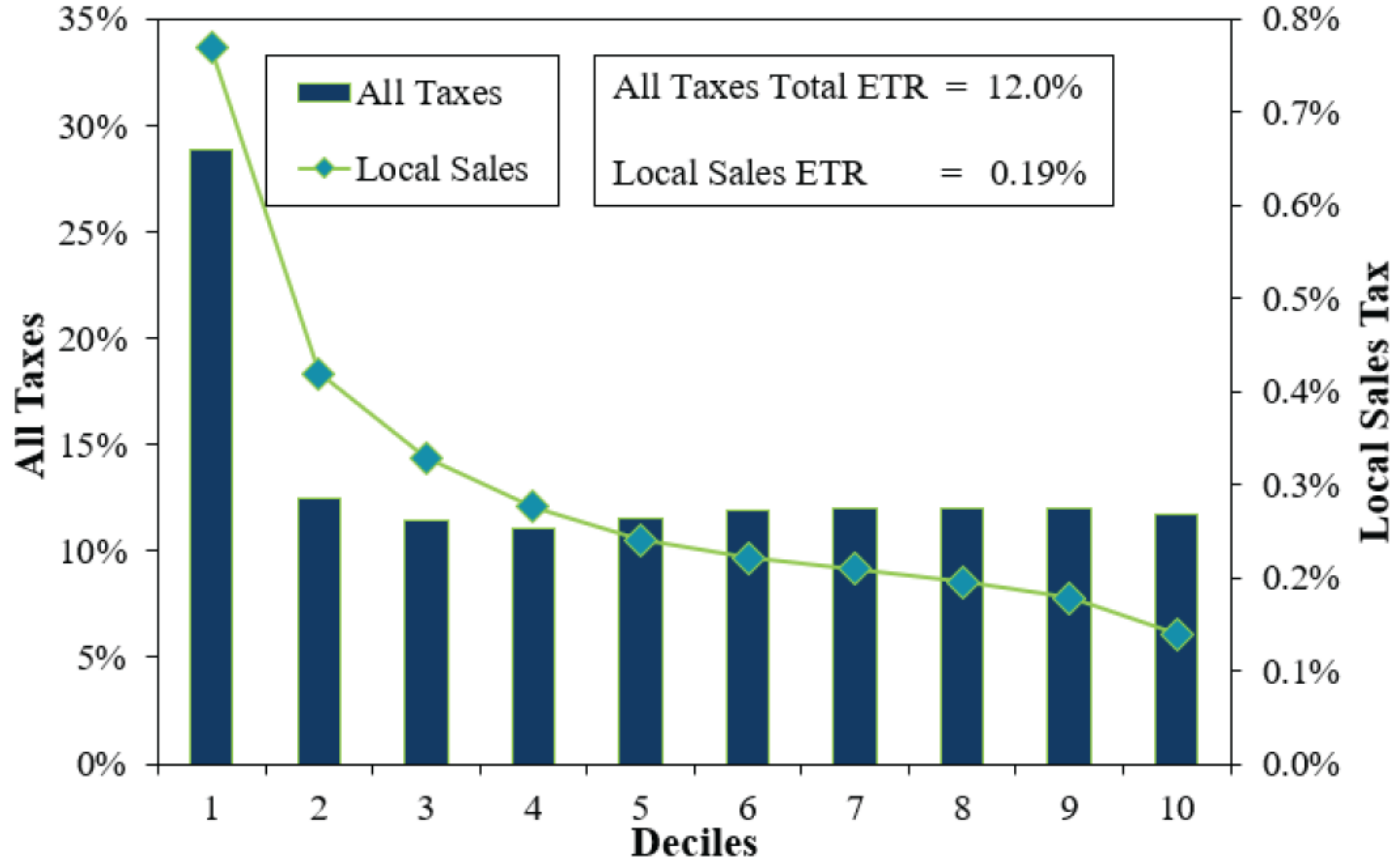
1 Includes occupation tax on taconite, iron, and other ores  
2 Includes resorts, railroads, and minerals  
3 Second homes are 20% of residential non-homestead property  
4 Includes timber

5 Apartments, 80% of residential non-homestead property, & rented mobile homes  
6 Includes wind and solar energy production taxes  
7 Includes lodging and other selective sales taxes

# Tax Incidence Study: Tax Collection

# Tax Incidence Study: Effective Tax Rates

Effective Tax Rates, Population Decile



Deciles	1	2	3	4	5	6	7	8	9	10	91%-95%	96%-99%	Top 1%	Suits Index
All Taxes	28.90%	12.46%	11.47%	11.07%	11.50%	11.88%	12.01%	12.04%	12.02%	11.77%	11.75%	12.04%	11.54%	-0.013
Local Sales	0.77%	0.42%	0.33%	0.28%	0.24%	0.22%	0.21%	0.20%	0.18%	0.14%	0.16%	0.15%	0.12%	-0.185

# Office of the State Auditor 2021 Data

	All cities	Cities with sales tax	Cities without sales tax
Number of cities	854	44	810
Population	4,783,266	1,456,054	3,327,212

	Per capita	Percent	Per capita	Percent	Per capita	Percent
Local sales tax	\$36	2%	\$111	6%	\$0	0%
Property taxes	\$637	43%	\$672	37%	\$620	47%
Hotel/motel taxes	\$8	1%	\$21	1%	\$2	0%
Other taxes and assessments	\$212	14%	\$245	14%	\$195	15%
Intergovernmental revenues	\$377	26%	\$523	29%	\$306	23%
Fees, fines, interest	\$202	14%	\$239	13%	\$183	14%
<b>Total</b>	<b>\$1,471</b>	<b>100%</b>	<b>\$1,811</b>	<b>100%</b>	<b>\$1,306</b>	<b>100%</b>

# City Sales Taxes since 2021

	Cities with sales taxes in effect for all of 2021	Cities with new authorizations	Cities with no sales taxes
Count	43	29	784
Average Population	32,716	24,278	3,411
Per Capita Property Tax Base (ANTC)	1,312	1,589	1,374
Per Capita Property Taxes	657	597	548
Per Capita LGA	199	58	91
Per Capita General Sales Taxes	157*	96	0
Per Capital Other Local Taxes	47	0	0
Per Capita Total Revenues	1,805	1,310	1,134

\*Includes revenues from expanded authorizations since 2021.



# County Sales Taxes since 2021

	Counties with sales taxes in effect for all of 2021	Counties with new authorizations	Counties with no sales taxes
Count	49	9	29
Average Population	107,571	17,591	10,784
Per Capita Property Tax Base (ANTC)	1,529	1,779	2,162
Per Capita Property Taxes	601	846	878
Per Capita CPA	45	55	62
Per Capita General Sales Taxes	107	75	-
Per Capital Other Local Taxes	2	3	-
Per Capita Total Revenues	1,399	2,323	2,170

# Thank You and Q&A