

April 15, 2024

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 5424 (Rest) As Proposed to be Amended (SCS5424A-3)

The bill would authorize local governments to impose, extend, or modify the uses of a local sales tax to finance a specified capital project without legislative authorization by demonstrating the regional significance of each project. The bill defines a specified capital project as an airport, convention center, correctional facility, law enforcement center, library, park, regional community center, regional sports complex, or trail. Before imposing the tax, the local government would need to hold a public hearing and adopt a resolution. Imposition of a local sales tax is subject to voter approval. To impose a local sales tax for funding of a regional sports complex, regional community center, or criminal justice facility, additional requirements apply.

The total tax rate imposed by a local government must not exceed one percent. Any existing local sales taxes count towards the one percent cap. The maximum collection period for a local sales tax would be 30 years. A public hearing must be held prior to seeking authority to impose a local sales tax. After the public hearing, a resolution must be adopted by the local government.

The bill would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>