



**LOCAL SALES AND USE TAX
Minneapolis Downtown Taxing Area**

April 15, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
S.F. 4872 (Champion), As Proposed to be Amended (SCS4872A-3)

Effective for sales and purchases made after September 30, 2026.

Minneapolis currently imposes a sales tax of 3% on retail on-sales of liquor and fermented malt beverages. Minneapolis also imposes a sales tax of 3% on sales of food at restaurants and places of refreshment. Both taxes are imposed in the designated downtown taxing area.

The bill, as proposed to be amended, would expand the area subject to the taxes on retail on-sale of liquor and fermented malt beverages and sale of food at restaurants and places of refreshment. The bill, as proposed to be amended, would remove the provisions that increase funding to the Minnesota Sports Facilities Authority proportional to increases in the downtown liquor beverage and food taxes.

The proposed amendment also appropriates \$7 million from the General Fund in fiscal year 2027 to Explore Minnesota for a grant to the city of Chaska to attract future PGA of America championship-level events. Unobligated amounts from a fiscal year 2022 appropriation to the commissioner of employment and economic development to be used for meat processing business redevelopment are canceled. From the Minnesota forward fund, \$1,033,000 of the \$250 million appropriation in fiscal year 2024 to the commissioner of employment and economic development is canceled. In fiscal year 2027, a one-time transfer of \$1,033,000 is transferred from the Minnesota forward fund to the General Fund.

The bill would have no direct impact on state taxes.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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hf4361(sf4872) Minneapolis downtown taxing district expansion_2 / awh