

2023 SALES AND USE TAXES LEGISLATIVE BULLETIN



Appeals, Legal Services, and Disclosure Division
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St. Paul, MN 55146-2220

FINAL

Unless otherwise noted, the provision discussed in this bulletin can be found in 2023 Minn. Laws, Ch. 64.

County fair revenues. Minn. Stat. § 38.27, subd. 4, was amended to remove language pertaining to use of sales tax savings between owners and non-owners of fairgrounds and retains language that requires a county agricultural society to use that amount to maintain, improve, or expand buildings and facilities located at the fairgrounds. Effective May 25, 2023. Art. 5, § 1.

Retail sale. Minn. Stat. § 297.61, subd. 4, para. (m), was amended to include suite licenses, exempt under §297A.67, subd. 35 and a right to purchase season tickets to collegiate events exempt under §297A.67, subd. 38 as retail sales that are not considered bundled transactions. Effective retroactively for sales and purchases made after June 30, 2022. Art. 5, § 2.

Suite licenses. Minn. Stat. § 297A.67, subd. 35, was amended to remove the requirement that the sales price for the privilege of admission be separately stated. Effective retroactively for sales and purchases made after June 30, 2022. Art. 5, § 3.

Season ticket purchasing rights to collegiate events. Minn. Stat. § 297A.67, subd. 38, was amended to remove the requirement that the consideration paid for the right to purchase the privilege of admission in a preferred viewing location for a season of a particular athletic event be separately stated from the admission price. Effective retroactively for sales and purchases made after June 30, 2022. Art. 5, § 4.

Firearm storage units. Minn. Stat. § 297A.67, was amended by adding a subd. 39, which provides a sales tax exemption for secure firearm storage units. Definitions of “secure firearm storage unit” and “firearm” are included. Effective for sales and purchases made after June 30, 2023. Art. 5, § 5.

Sale of property used in a trade or business. Minn. Stat. § 297A.68, subd. 25, was amended to allow a sale between the sole member of a limited liability company that is a disregarded entity and the limited liability company to qualify for the sales tax exemption for tangible property

used in a trade or business that is not in the business of selling that property. Definition of “disregarded limited liability company” is provided. Effective for sales and purchases made after June 30, 2023. Art. 5, § 6.

Amenities included with the privilege of admission. Minn. Stat. § 297A.68 was amended by adding a subdivision that exempts the sale of amenities that are included in the sales price of the privilege of admission to athletic events and places of amusement under § 297A.61, subd. 3, paragraph (m). Applies only when sold by a seller of the privilege of admission that is a professional sports team competing in Major League Baseball, Major League Soccer, the National Basketball Association, the Women’s National Basketball Association, the National Football League, or the National Hockey League. Amenities include but are not limited to food, beverages, parking services, and promotional items. The exempt portion of the sale of the privilege of admission is equal to the purchase price of the amenity if the sales or use tax was paid on the amenity when purchased by the seller. Effective retroactively for sales and purchases made after June 30, 2022, and before July 1, 2030. Art. 5, § 7.

Hospitals, outpatient surgical centers, critical access dental providers, and blood centers. Minn. Stat. § 297A.70, subd. 70, was amended to include a sales tax exemption for sales to blood centers for sales and purchases associated with providing blood collection and distribution services. Includes exemption for leases by blood centers of a truck, a bus, or a passenger automobile so long as those vehicles are used for carrying out the purposes of the blood center. Definition of “blood center” is included. Effective retroactively for sales and purchases made after December 31, 2019, and before January 1, 2028. Art. 5, § 8.

County agricultural society sales at county fairs. Minn. Stat. § 297A.70, subd. 21, was amended to clarify the exemption for sales by county agricultural societies during regularly scheduled county fairs. The exemption does not apply to sales for county fair events held at a time other than the regularly scheduled county fair or for events not held on the county fairgrounds. Effective May 25, 2023. Art. 5, § 9.

Properties destroyed by fire. Minn. Stat. § 297A.71, subd. 51, was amended to extend the end date of the exemption for construction materials used in the replacement of real property affected by, and capital equipment destroyed in, the fire in Mazeppa on March 11, 2018, to sales and purchases made before January 1, 2025. A claim for refund may be filed until June 1, 2028. Effective retroactively for sales and purchases made after March 11, 2018, and before January 1, 2025. Art. 5, § 10.

Sales and use tax exemption; Certain natural gas fees. Uncodified session law provides a sales tax exemption for fees related to natural gas sold for residential use for the billing periods of May to October. The fee relates to a cost recovery plan for the price increase of natural gas during the period from February 13, 2021, to February 17, 2021, identified in docket G-999/CI-21-135 before the Minnesota Public Utilities Commission. The fee must be separately stated on a billing statement and labeled as a fee subject to the cost recovery plan.

The exemption is retroactive to fees applied to customers' bills beginning September 1, 2021, through June 30, 2023, and prospective through December 31, 2026. Utilities must apply for a refund of sales taxes remitted for the period beginning September 1, 2021, and ending June 30, 2023, and then credit customers for sales taxes paid. The exemption is upfront for the period July 1, 2023, through December 31, 2026. Effective retroactively for fees applied to sales and purchases of natural gas that were billed from September 1, 2021, to December 31, 2026. Art. 5, § 11.

Taconite, other ores, metals, or minerals; production materials. Minn. Stat. § 297A.68, subd. 4, was amended to update a reference from “net proceeds provisions of chapter 298” to “gross proceeds provisions of chapter 298” to reflect the amendment to § 298.015. Effective May 25, 2023. Art. 6, § 3.

Sales to government. Minn. Stat. § 297A.70, subd. 2, was amended to remove an expired sales tax exemption that was effective through December 31, 2016, for sales and purchases made by the Metropolitan Council of vehicles and repair parts to equip certain operations. Effective August 1, 2023. 2023 Minn. Laws, Ch. 25, § 161.

State. Minn. Stat. § 297A.61, subd. 29, was amended to conform with the Streamlined Sales Tax definition of “state.” This amendment provides that, for sales and use tax purposes, “state” also includes any territory of the United States. Effective for sales and purchases made after June 30, 2023. Art. 19, § 4.

MOTOR VEHICLES

Vehicle rental tax; car sharing. Minn. Stat. § 297A.64, subd. 1, was amended to exclude certain vehicle rentals from the 9.2% tax. The tax does not apply to vehicles of a nonprofit corporation or similar entity that (1) owns, leases, or operates a fleet of vehicles of the type subject to the tax that are available to its members for use, priced on the basis of intervals of one hour or less; (2) parks its vehicles in the public right-of-way or at unstaffed, self-service locations that are accessible at any time of the day; and (3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases fuel for its fleet. Effective for sales and purchases made after June 30, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, § 24.

Vehicle rental fee; car sharing. Minn. Stat. § 297A.64, subd. 2, was amended to make the existing exclusion to the vehicle rental fee consistent with the amendment to Minn. Stat. § 297A.64, subd. 1. Note that paragraph (b) is now redundant as the fee only applies to vehicle rentals subject to the vehicle rental tax, and the exclusion provided in paragraph (b) is consistent with the exclusion provided for the vehicle rental tax. Effective for sales and purchases made after June 30, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, § 25.

Deposit of revenues. Minn. Stat. § 297A.94 was amended to modify the allocation of state general sales tax revenue derived from sales of motor vehicle repair and replacement parts as follows: 43.5% to the highway user tax distribution fund, a percentage increasing on a yearly basis through fiscal year 2033 to the transportation advancement account, and the remainder to the general fund. Effective July 1, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, § 27.

Sales tax on motor vehicles; rate. Minn. Stat. § 297B.02 was amended to raise the sales tax on motor vehicles rate from 6.5% to 6.875%. Effective for sales and purchases made on or after July 1, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, § 30.

Sales tax on motor vehicles; exemptions. Minn. Stat. § 297B.03 was amended by adding a clause (16) to exempt purchases of a motor vehicle by a veteran having a total service-connected disability. Effective for sales and purchases made after June 30, 2024. 2023 Minn. Laws, Ch. 68, Art. 3, § 31.

Sales tax on motor vehicles; allocation of revenue. Minn. Stat. § 297B.09 was amended to modify the allocation of sales tax on motor vehicles revenue as follows: (1) 60% in the highway user tax distribution fund, (2) 34.3 percent in the metropolitan area transit account, and (3) 5.7 percent in the greater Minnesota transit account. Effective July 1, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, § 32.

Penalties. Minn. Stat. § 297B.10 was amended to remove a reference to motor vehicle purchaser's certificates. The Department of Public Safety no longer requires a person to provide a purchaser's certificate to the department prior to registering a motor vehicle. Additionally, a reference to "the tax" was clarified to reference the "the tax imposed under this chapter." Effective August 1, 2023. 2023 Minn. Laws, Ch. 25, § 163.

Private nature of information. Minn. Stat. § 297B.12 was amended to remove a reference to motor vehicle purchaser's certificates. The Department of Public Safety no longer requires a person to provide a purchaser's certificate to the department prior to registering a motor vehicle. Effective August 1, 2023. 2023 Minn. Laws, Ch. 25, § 164.

Repealer. Minn. Stat. § 297B.04 was repealed, removing the requirement that persons who apply for registration of any motor vehicle shall complete a motor vehicle purchaser's certificate in the manner prescribed by the motor vehicle registrar. The Department of Public Safety no longer requires a person to provide a purchaser's certificate to the department prior to registering a motor vehicle. Effective August 1, 2023. 2023 Minn. Laws, Ch. 25, § 190, subd. 14.

Repealer. Minn. Stat. § 297B.05 was repealed, removing the requirement for the issuance of registration plates and certificates for a motor vehicle that the applicant attach a completed motor vehicle purchaser's certificate. The Department of Public Safety no longer requires a person to provide a purchaser's certificate to the department prior to registering a motor vehicle. 2023 Minn. Laws, Ch. 25, § 190, subd. 15.

988 FEE

988 suicide and crisis lifeline. Minn. Stat. § 145.561 was enacted to create a 988 suicide and crisis lifeline. Subdivision 5 provides that the 988 telecommunications fee established in this section does not apply to prepaid wireless telecommunications services. Prepaid wireless telecommunications services are subject to the prepaid wireless 988 fee established in § 403.161, subd. 1, para. (c). The commissioner of health shall annually recommend the Public Utilities Commission an adequate and appropriate fee. The amount of the 988 telecommunications fee must not be more than 25 cents per month on or after January 1, 2024, for each consumer access line. Effective July 1, 2023. 2023 Minn. Laws, Ch. 70, Art. 4, § 57.

Prepaid wireless 988 fee. Minn. Stat. §§ 403.161, subd. 1; 403.161, subd. 3; 403.161, subd. 5; 403.161, subd. 6; 403.161, subd. 7; 403.162, subd. 1; 403.162, subd. 2; and 403.162, subd. 5, were amended to impose the prepaid wireless 988 fee and provide that the fee is administered in the same manner as the prepaid wireless E911 and telecommunications access Minnesota fees, including that the prepaid wireless 988 fee is to be collected by the commissioner of revenue. Effective July 1, 2023. 2023 Minn. Laws, Ch. 70, Art. 4, §§ 84-91.

RETAIL DELIVERY FEE

Retail delivery fee. Minn. Stat. §§ 168E.01, 168E.03, 168E.05, 168E.07, and 168E.09 were enacted to impose a new fee on retail deliveries.

168E.01	Provides definitions for the new fee. Note that subdivision 17 defines “threshold amount” inconsistent with the exemptions provided in § 168E.05. The bill defines “threshold amount” to exclude exempt items under § 168E.05. If a transaction included exempt items, the transaction would not be subject to the fee, and it would be unnecessary to determine whether the transaction amount was in excess of the threshold.
168E.03	Imposes the fee on each retailer equal to 50 cents on each transaction involving retail delivery in Minnesota that equals or exceeds the threshold amount. If the retailer collects the fee from the purchaser: (1) the retail delivery fee must be charged in addition to any other delivery fee; and (2) the retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from the sales price and any other taxes or fees imposed on the retail delivery on the purchaser's receipt, invoice, or other bill of sale. The receipt, invoice, or other bill of sale must state the retail delivery fee as "road improvement and food delivery fee."

	<p>Note that the label for this fee is inconsistent with the plain language of the § 168E.05, which exempts both retail delivery resulting from a retail sale of food and food ingredients or prepared food and retail delivery resulting from a retail sale by a food and beverage service establishment.</p> <p>The fee is imposed once per transaction regardless of the number of shipments necessary to deliver the items or of the number of items purchased.</p> <p>The fee is nonrefundable if any or all items purchased are returned to a retailer or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. The fee must be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider.</p>
168E.05	<p>The following retail deliveries are exempt from the fee:</p> <ul style="list-style-type: none"> (1) a retail delivery to a purchaser who is exempt from tax under chapter 297A; (2) a retail delivery on a motor vehicle for which a permit issued by the commissioner of transportation or a road authority is required under chapter 169 or 221 and the retailer has maintained books and records through reasonable and verifiable standards that the retail delivery was on a qualifying vehicle; (3) a retail delivery resulting from a retail sale of food and food ingredients or prepared food; (4) a retail delivery resulting from a retail sale by a food and beverage service establishment, regardless of whether the retail delivery is made by a third party other than the food and beverage service establishment; and (5) a retail delivery resulting from a retail sale of drugs and medical devices, accessories and supplies, or baby products. <p>The fee does not apply to (1) a retailer that made retail sales totaling less than \$1,000,000 in the previous calendar year; and (2) a marketplace provider when facilitating the sale of a retailer that made retail sales totaling less than \$100,000 in the previous calendar year through the marketplace provider.</p>
168E.07	<p>A retailer must report the fee on a return prescribed by the commissioner and must remit the fee with the return. The return and fee must be filed and paid using the filing cycle and due dates provided for sales and use taxes.</p> <p>The fee is collected and remitted in the same manner as sales and use taxes. The administration provisions applicable to sales and use taxes apply to the fee.</p> <p>The commissioner must pay interest on overpayments from the date of payment.</p>

168E.09	After depositing an amount less than or equal to the total cost of collecting, administering, and enforcing the fee in the revenue department service and recovery special revenue fund, the commissioner must deposit the balance of proceeds from the retail delivery fee in the transportation advancement account.
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Effective July 1, 2024. 2023 Minn. Laws, Ch. 68, Art. 3, §§ 8–12.

CONSTRUCTION EXEMPTIONS

Sustainable aviation fuel facilities. Minn. Stat. § 297A.71 was amended by adding a subd. 54, to provide an exemption for construction materials and supplies used in and equipment incorporated into the construction, reconstruction, or improvement of a facility located in Minnesota that produces or blends sustainable aviation fuel. Sales tax must be imposed and collected as if it applied and then refunded in the same manner provided by Minn. Stat. § 297A.75. The exemption is limited to the portion of the project used to produce or blend sustainable aviation fuel based on capacity. Effective for sales and purchases made after June 30, 2027, and before July 1, 2034. 2023 Minn. Laws, Ch. 68, Art. 3, § 26.

Building materials, capital projects. Minn. Stat. § 297A.71, subd. 44, was amended to remove an expired sales tax construction exemption that was effective through December 31, 2017, for a sports facility project. Effective August 1, 2023. Minn. Laws, Ch. 25 § 162.

Sales tax exemption for construction materials utilized in local projects. Uncodified session laws provide sales tax exemptions for construction materials and supplies used in and equipment incorporated into the construction of various local projects. All exemptions are limited to purchases made only during a specific time frame. 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, clause 17. Each approved jurisdiction, project, and exemption period is listed below. 2023 Minn. Laws, Ch. 64, Art. 5 §§ 13 to 32.

Chisholm Public Schools: Construction and renovation projects for Chisholm Elementary School, Chisholm High School, and Vaughan Steffensrud School in Independent School District No. 695, Chisholm Public schools. The exemption is effective retroactively for sales and purchases made after December 31, 2021, and before January 2, 2025. Art. 5, § 13.

Duluth Public Schools: Construction of an administrative building and a transportation facility in Independent School District No. 709, Duluth Public Schools. The exemption is effective retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025. Art. 5, § 14.

Edina Community Health and Safety Center: Construction, reconstruction, upgrade, expansion, renovation or remodeling of a community health and safety center. The exemption is effective for sales and purchases made after December 31, 2023, and before January 1, 2026. Art. 5, § 15.

Ely Public Schools: Renovations to the elementary school building and high school building and construction of a building that connects the elementary school and high school buildings in Independent School District No. 696, Ely Public Schools. The exemption is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024. Claims for refund may be filed until June 1, 2027. Art. 5, § 16.

Hibbing Public Schools: Construction of an Early Childhood Family Education Center, and improvements to an existing athletic facility in Independent School District No. 701, Hibbing Public Schools, reroofing project at Hibbing Washington Elementary School, and a restroom remodel project at Hibbing High School. The exemption is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2025. Claims for refund may be filed until June 1, 2028. Art. 5, § 17.

City of Maple Grove: Construction, reconstruction, upgrade, expansion, or remodeling of the North Metro Regional Public Safety Training Facility. The exemption is effective retroactively for sales and purchases made after August 31, 2021, and before January 1, 2024. Art. 5, § 18.

Minneapolis – St. Paul Airport: Construction, reconstruction, repair, maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul International Airport. The total amount of refunds issued must not exceed \$8,000,000. The exemption is effective for sales and purchases made after June 30, 2023, and before July 1, 2024. Art. 5, § 19.

City of Moorhead: Construction, reconstruction, upgrade, expansion, renovation, or remodeling of a regional library and community center. The exemption is effective for sales and purchases made after February 29, 2024, and before April 1, 2027. Art. 5, § 20.

Nashwauk – Keewatin Public Schools: Construction of a new school building and attached community wellness center to replace Keewatin Elementary School and the Nashwauk High School in Independent School District No. 319, Nashwauk-Keewatin Public Schools. This exemption is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025. Art. 5, § 21.

Northern Lights Academy: Construction of a new addition to the existing facility and renovations and improvements to the existing facility at Northern Lights Academy Cooperative No. 6096. This exemption is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025. Art. 5, § 22.

Northland Learning Center: Construction of a new addition to the James Madison building for Northland Learning Center and renovations and improvements to the existing facility. This exemption is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025. Art. 5, § 23.

City of Oakdale: Construction of a new public works facility. This exemption is effective for sales and purchases made after August 31, 2023, and before January 1, 2027. Art. 5, § 24.

City of Ramsey: Construction, reconstruction, upgrade, expansion, renovation or remodeling of a new water treatment plant. The exemption is retroactive for sales and purchases made after December 31, 2022, and before July 1, 2027. Art. 5, § 25.

Red Lake County School District: Construction of a new school in Independent School District No. 2906, Red Lake County School District. This exemption is effective retroactively for sales and purchases made after December 31, 2020, and before January 1, 2026. Refunds must not be issued until after June 30, 2023. Art. 5, § 26.

Red Rock Central School District: Construction of a new prekindergarten through grade 12 learning facility in Independent School District No. 2884, Red Rock Central School District. This exemption is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025. Art. 5, § 27.

Rock Ridge Public Schools: Construction of a new high school building in Independent School District No. 2909, Rock Ridge Public Schools. This exemption is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024. Claims for refund may be filed until June 1, 2027. Art. 5, § 28.

City of Spring Grove: Construction, replacement, or repair of real property and capital equipment that was destroyed in a fire in the city of Spring Grove. This exemption is effective retroactively for sales and purchases made after December 22, 2022, and before January 1, 2028. Art. 5, § 29.

Springfield School District: Construction of a main secure entrance, required tornado shelter and related safety, security, and accessibility improvements, installation of HVAC improvements, renovations and interior modifications to convert the existing elementary school gymnasium for use for career and technical education trades and an auto shop, and the addition of a new school gymnasium in Independent School District No. 85, Springfield School District. This exemption is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025. Art. 5, § 30.

City of Wayzata: Expansion and remodeling of Depot Park; construction of community docks on Lake Minnetonka; construction of a lakeside boardwalk; shoreline restoration; restoration of Section Foreman House; construction of Eco Park; construction of a public plaza with a restroom, 9/11 memorial, interactive water display, and gathering space; construction of a regional multiuse trail; and construction of railroad crossings. This exemption is effective retroactively for sales and purchases made after March 31, 2020, and before January 1, 2025. Art. 5, § 31.

Woodbury Central Park: Construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Central Park project. This exemption is effective for sales and purchases made after June 30, 2023, and before January 1, 2026. Art. 5, § 32.

River Place Arts, Culture, and Event Center; Sales tax exemption for construction materials. Construction, reconstruction, upgrade, expansion, or remodeling of the River Place Arts, Culture, and Event Center in the city of Warroad. \$500,000 is appropriated to the commissioner of revenue in fiscal year 2024 to pay refunds on a first come, first served basis. The appropriation is available until June 30, 2027. Effective May 25, 2023, for sales and purchases made after May 30, 2023, and before January 1, 2026. 2023 Minn. Laws, Ch. 72, Art. 3, § 33.

LOCAL SPECIAL TAXES

Duluth food and beverage tax. Minn. Laws 1980, Ch. 511, § 1, subd. 2, as amended by Minn. Laws 1991, Ch. 291, Art. 8, § 22, Minn. Laws 1998, Ch. 389, Art. 8, § 25, Minn. Laws 2003, First Special Session Ch. 21, Art. 8, § 11, Minn. Laws 2008, Ch 154, Art. 5, § 2, Minn. Laws 2014, Ch. 308, Art. 3, § 21, and Minn. Laws 2017, First Special Session Ch. 1, Art. 5, § 1, was amended to extend the city of Duluth’s food and beverage tax to allow the city to collect up to \$54,000,000 for capital improvements to park-based public athletic facilities to support sports tourism and to increase the city’s bonding authority accordingly. Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minn. Stat. section 645.021, subs. 2 and 3. Art. 11, § 1.

Duluth lodging tax. Minn. Laws 1980, Ch. 511, § 2, as amended by Minn. Laws 1998, Ch. 389, Art. 8, § 26, Minn. Laws 2003, First Special Session Ch. 21, Art. 8, § 12, Minn. Laws 2014, Ch. 308, Art. 3, § 22, and Minn. Laws 2017, First Special Session, Ch. 1, Art. 5, § 2 was amended to extend the city of Duluth’s lodging tax to allow the city to collect up to \$54,000,000 for capital improvements to parks-based public athletic facilities to support sports tourism. Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minn. Stat. section 645.021, subs. 2 and 3. Art. 11, § 2.

Cook County. Laws 2008, Ch. 366, Art. 7 § 17 was amended to extend the county’s authority to impose an additional one percent tax on lodging an additional 15 years. Additionally, the

county's authority to impose a tax on admissions and recreation was repealed. Effective May 25, 2023. Art. 11, § 3.

Lake of the Woods County. Uncodified session law provides the Board of Commissioners of Lake of the Woods County the authority to impose a tax of up to three percent on lodging. The tax does not apply to any statutory or home rule city or town located in Lake of the Woods County that imposes a lodging tax under Minn. Stat. § 469.190, or the city of Baudette. The total tax imposed under Minn. Stat. § 469.190, and this section must not exceed three percent. Revenues derived from taxes imposed under this section must be used to fund a new Lake of the Woods County Event and Visitors Bureau. Effective the day after the governing body of Lake of the Woods County and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3. Art. 11, § 4.

LOCAL SALES TAXES

Temporary moratorium. Minn. Stat. § 297A.99 was amended by adding a subd. 3a, to prohibit a political subdivision from engaging in activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax until June 1, 2025. This section does not affect new local sales and use taxes or modifications to existing local sales and use taxes authorized in May 2023. Effective May 25, 2023. Art. 10, § 1.

Local taxes advisory task force. Uncodified session law provides for the establishment of a local taxes advisory task force for the purpose of examining the use of local taxes as funding mechanisms for local governments to fund capital projects. Task force must determine objective criteria with which to evaluate local tax proposals, as well as determine the appropriate entity to evaluate the proposals using the established criteria. Task force shall be composed of the commissioner of revenue, four members of the public appointed by the commissioner of revenue, one member of the League of Minnesota Cities, and one member of the Association of Minnesota Counties. Legislators are explicitly prohibited from serving on the task force. Task force must meet twice monthly beginning in July 2023 until September 2023, and continue meeting thereafter. Task force must provide a report to the legislature detailing its determination by January 15, 2024. Effective May 25, 2023. Art. 10, § 51.

Stadium Payoff. Minn. Stat. §§ 16A.726, 297A.994, subd. 4; 473J.13, subd. 2; and 473J.13, subd. 4, were amended to remove the requirement that a portion of the revenues collected from taxes imposed by the city of Minneapolis under special law are retained and deposited to the general fund for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020. It does not affect amounts retained for recapture of state advances through June 30, 2023. Effective July 1, 2023. Art. 13, §§ 1, 2, 13, and 14.

Metropolitan Region Local Sales Taxes

Metropolitan Region Sales and Use Tax; Housing. Minn. Stat. § 297A.9925 was enacted to impose a regional sales tax at a rate of 0.25% on sales made in the metropolitan area. The provisions of § 297A.99, subs. 4, and 6 to 12 govern the administration, collection, and enforcement of the tax. Tax applies to the seven metropolitan counties. Proceeds of the metropolitan sales tax must be distributed as follows: 25% to state rent assistance account under § 462A.2095, 25% to the metropolitan city aid account in the housing assistance fund under § 477A.37, and 50% to the metropolitan county aid account in the housing assistance fund under § 477A.37. Effective for sales and purchases made after October 1, 2023.

Minn. Stat. § 297A.99, subd. 1, was amended to authorize a political subdivision to impose a general sales tax under Minn. Stat. § 297A.9925. Effective July 1, 2023. 2023 Minn. Laws, Ch. 37, Art. 5, §§ 1 – 2.

Metropolitan Regional Sales and Use Tax; Transportation. Minn. Stat. § 297A.9915 was enacted to impose a regional sales tax at a rate of 0.75% on sales made in the metropolitan area. The provisions of Minn. Stat. § 297A.99, subs. 4, and 6 to 12a, govern the administration, collection, and enforcement of the tax. Tax applies to the seven metropolitan counties. Proceeds of the regional transportation sales tax must be allocated as follows: 83% to the Metropolitan Council and 17% to the metropolitan counties. Grants related bonding authority. Effective for sales and purchases made on or after October 1, 2023.

Minn. Stat. § 297A.99, subd. 1, was amended to authorize a political subdivision to impose a general sales tax under Minn. Stat. § 297A.9915. Effective May 25, 2023. 2023 Minn. Laws, Ch. 68, Art. 3, §§ 28 – 29.

City and County Local Sales Taxes

Saint Paul. Minn. Laws 1993, Ch. 375, Art. 9, § 46, as amended by Minn. Laws 1997, Ch. 231, Art. 7, § 40, Minn. Laws 1998, Ch. 389, Art. 8, §§ 30, 31, and 32, Minn. Laws 2003, First Special Session Ch. 21, Art. 8, § 13, Minn. Laws 2005, First Special Session Ch. 3, Art. 5, §§ 26 and 27, Minn. Laws 2009, Ch. 88, Art. 4, §§ 15 and 16, and Minn. Laws 2013, Ch. 143, Art. 8, §§ 44 and 45, was amended by adding subs. 1a, 2b, and 3a and Minn. Laws 1993, Ch. 375, Art. 9, § 46, subd. 5, as amended by Minn. Laws 1998, Ch. 389, Art. 8, § 32, and Minn. Laws 2013, Ch. 143, Art. 8, § 45 was amended to authorize the city of Saint Paul to impose a 1% local sales tax to fund \$738 million for a Physical Transportation Fund and \$246 million for a Recreational Infrastructure Fund and to authorize related bonding authority.

The tax terminates at the earlier of 20 years or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3. Art. 10, §§ 2-5.

Rochester. Minn. Laws 1998, Ch. 389, Art. 8, § 43, as amended by Minn. Laws 2005, First Special Session Ch. 3, Art. 5, §§ 28, 29, and 30, Minn. Laws 2011, First Special Session Ch. 7, Art. 4, §§ 5, 6, and 7, and Minn. Laws 2013, Ch. 143, Art. 10, §§ 11, 12, and 13, was amended by adding subds. 1a, 3a, and 4a and Minn. Laws 1998, Ch. 389, Art. 8, § 43, subd. 5, as amended by Minn. Laws 2005, First Special Session Ch. 3, Art. 5, § 30, Minn. Laws 2011, First Special Session Ch. 7, Art. 4, § 7, and Minn. Laws 2013, Ch. 143, Art. 10, § 13, was amended to authorize the city of Rochester to extend its existing 0.5% local sales tax to fund (1) \$50 million for an economic vitality fund and expenses eligible to be paid from the fund; (2) \$50 million for street reconstruction; (3) \$40 million for flood control and water quality, excluding removal of the MN00515 dam; and (4) \$65 million for a sports and recreation complex and to authorize related bonding authority.

The tax terminates at the earlier of 24 years or when revenues are sufficient to pay for the approved projects and any associated bond costs. Additionally, extends the expiration of the tax imposed by subdivision 1, paragraph (b), of Minn. Laws 1998, Ch. 389, Art. 8, § 43, subd. 1, as amended by Minn. Laws 2013, Ch. 143, Art. 10, § 11, to December 31, 2049. Effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minn. Stat. § 645.021, §§ 2 and 3. Art. 10, §§ 6-9.

North Mankato. Minn. Laws 2008, Ch. 366, Art. 7, § 20, as amended by Minn. Laws 2017, First Special Session Ch. 1, Art. 5, § 17, was amended to authorize the city of North Mankato to extend its existing 0.5% local sales tax from December 31, 2038, to December 31, 2044, or when revenues first equal or exceed \$21 million plus any associated bonding costs, and to authorize increased bonding authority. Effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3. Art. 10, § 10.

Marshall. Minn. Laws 2011, First Special Session Ch. 7, Art. 4, § 14, was amended to authorize the city of Marshall to extend its existing 0.5% local sales tax to fund \$18.37 million for the construction of a new municipal aquatic center and to authorize related bonding authority.

The tax terminates at the earlier of 35 years after the existing 0.5% local sales tax was first imposed or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after compliance by the governing body of the city of Marshall and its chief clerical officer with Minn. Stat. § 645.021, subds. 2 and 3. Art. 10, § 11.

Avon. Minn. Laws 2019, First Special Session Ch. 6, Art. 6, § 13, was amended by adding a subd. 1a, and Minn. Laws 2019, First Special Session Ch. 6, Art. 6, § 13, subds. 3 and 4, were amended to authorize the city of Avon to extend its existing local sales tax to increase the amount of tax that can be collected to fund the listed projects from \$1.5 million to \$8.135 million and to authorize related bonding authority.

The tax terminates at the earlier of December 31, 2045, or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3. Art. 10, §§ 12-14

Excelsior. Minn. Laws 2019, First Special Session Ch. 6, Art. 6, § 18, was amended to authorize the city of Excelsior to extend its existing 0.5% local sales tax to increase the amount of tax that can be collected to fund an additional \$23 million for improvements to the commons as indicated in the Commons Master Plan as adopted by the city council on January 9, 2023, and to authorize related bonding authority.

The tax terminates at the earlier of 25 years after first imposed or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing body of the city of Excelsior and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3. Art. 10, § 15.

Rogers. Minn. Laws 2019, First Special Session Ch. 6, Art. 6, § 26, was amended to authorize the city of Rogers to extend its existing 0.25% local sales tax to increase the amount of tax that can be collected to fund the listed project from \$16.5 million to \$25 million and to authorize related bonding authority.

The tax terminates at the earlier of 20 years after first imposed or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing body of the city of Rogers and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3. Art. 10, § 16.

Edina. Minn. Laws 2021, First Special Session Ch. 14, Art. 8, § 5, was amended to authorize the city of Edina to extend its existing 0.5% local sales tax to increase the amount of tax that can be collected to fund improvements to Braemar Park from \$21.6 million to \$53.3 million and to authorize related bonding authority,

The tax terminates at the earlier of 19 years after first imposed or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minn. Stat. § 645.021, subs. 2 and 3. Art. 10, § 17

Fergus Falls. Minn. Laws 2021, First Special Session Ch. 14, Art. 8, § 6, subs. 2 and 3, were amended to authorize the city of Fergus Falls to extend its existing local sales tax to increase the amount of tax that can be collected to fund an aquatic center by \$3 million and to authorize related bonding authority.

The tax terminates at the earlier of December 31, 2037, or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective the day after the governing

body of the city of Fergus Falls and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3. Art. 10, §§ 18-19.

Oakdale. Minn. Laws 2021, First Special Session Ch. 14, Art. 8, § 15, subds. 2-4 were amended and Minn. Laws 2021, First Special Session Ch. 14, Art. 8, § 15, was amended by adding a subd. 5 to authorize the city of Oakdale to extend its existing local sales to increase the amount of tax that can be collected to fund a new public works facility from \$22 million to \$28 million and a police department facility from \$15 million to \$18 million and to authorize related bonding authority.

The tax terminates at the earlier of 30 years (from 25 years) after the tax was first imposed or when revenues are sufficient to pay for the approved projects and any associated bond costs. The city of Oakdale must adopt a resolution and submit to the state auditor no later than September 1, 2023. Effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3. Art. 10, §§ 20-23

Waite Park. Minn. Laws 2021, First Special Session Ch. 14, Art. 8, § 20, subd. 4, was amended to authorize the city of Oakdale to extend its existing local sales tax to expire 20 years after first imposed (from 19 years) or when revenues are sufficient to pay for the approved projects and any associated bond costs. Effective May 25, 2023. Art. 10, § 24.

Imposition of new local sales tax. Uncodified session laws authorize cities and counties to impose a local sales tax to fund specific projects based on voter approval at a general election held in each jurisdiction. The tax is in addition to any local sales and use tax imposed under any other special law. Additional authorization for each jurisdiction to issue bonds to finance all or a portion of the projects is included. Each tax expires at the earlier of an approved time period, when the city or county board determines that sufficient revenues have been raised to pay for the project plus any associated bonding costs, or when the county or city chooses to terminate the new tax by ordinance. Unless otherwise noted, each tax is effective upon the jurisdiction filing approval with the Secretary of State. Each jurisdiction imposing a new local sales tax is listed below including the tax rate, project(s), and approved time period. 2023 Minn. Laws, Ch. 64, Art. 10, §§ 25 to 50.

Beltrami County. Imposing a tax of five-eighths of one percent to fund the construction of a new county jail. Approved time period: 30 years. Art. 10, § 25.

City of Blackduck. Imposing a tax of up to one-half of one percent to fund improvements at the city campground, construction at the city wayside rest, trail extensions and improvements, improvements at the city golf course, and rehabilitation at the community library. Approved time period: 20 years. Art. 10, § 26.

City of Bloomington. Imposing a tax of one-half of one percent to fund construction and rehabilitation of the Bloomington Ice Garden, construction of a Community Health and

Wellness Center, and construction and restoration of the Nine Mile Creek Corridor Renewal. Approved time period: 20 years. Art. 10, § 27

City of Brooklyn Center. Imposing a tax of one-half of one percent to fund renovation and expansion of the Brooklyn Center Community Center. Approved time period: 20 years. Art. 10, § 28

City of Chanhassen. Imposing a tax of up to one-half of one percent to fund construction of the Avienda Recreational Facility. Approved time period: 20 years. Art. 10, § 29.

City of Cottage Grove. Imposing a tax of one-half of one percent to fund improvements to Hamlet Park, improvements to River Oaks Golf Course, and improvements to the Mississippi Dunes Park project. Approved time period: 25 years. Art. 10, § 30.

City of Detroit Lakes. Imposing a tax of one-half of one percent to fund the construction and renovation of the Detroit Lakes Pavilion. Approved time period: 12 years. Art. 10, § 31.

City of Dilworth. Imposing a tax of one-half of one percent to fund the construction of a community and recreational center. Approved time period: 25 years. Art. 10, § 32.

City of East Grand Forks. Imposing a tax of up to one percent to fund reconstruction and remodeling to the Civic Center Sports Complex and reconstruction and remodeling of the VFW Memorial and Blue Line Arenas. Approved time period: 20 years. Art. 10, § 33.

City of Fairmont. Imposing a tax of one-half of one percent to fund the construction of a community center and ice arena. Approved time period: 25 years. Art. 10, § 34.

City of Henderson. Imposing a tax of one-half of one percent to fund the Allanson's Park Campground and Trail project. Approved time period: 15 years. Art. 10, § 35.

City of Hibbing. Imposing a tax of one-half of one percent to fund the construction of a regional public safety center. Approved time period: 20 years. Art. 10, § 36.

City of Golden Valley. Imposing a tax of one and one-quarter (1.25) percent to fund the construction of a new public works facility. Approved time period: 30 years. Art. 10, § 37.

City of Jackson. Imposing a tax of one percent to fund construction, renovation, and improvements to a new outdoor athletic facility. Approved time period: 30 years. Art. 10, § 38.

Jackson County. Imposing a tax of one percent to fund construction of a law enforcement center and government center. Approved time period: 30 years. Art. 10, § 39.

City of Monticello. Imposing a tax of one-half of one percent to fund construction and rehabilitation of the Bertram Chain of Lakes Athletic Park and construction and improvements to the Pointes at Cedar Recreation Area. Approved time period: 20 years. Art. 10, § 40.

City of Mounds View. Imposing a tax of up to one and one-half (1.50) percent to fund construction of an expanded community center into a regional amateur sports and recreational facility. Approved time period: 20 years. Art. 10, § 41.

City of Proctor. Imposing a tax of one-half of one percent to fund construction of a new regional and statewide trail spur. Approved time period: 20 years. Art. 10, § 42.

Rice County. Imposing a tax of three-eighths of one percent to fund the construction of a public safety facility. Approved time period: 30 years. Art. 10, § 43.

City of Richfield. Imposing a tax of one-half of one percent to fund construction at the Wood Lake Nature Center, construction of the Veteran's Park Complex, and construction of the Richfield Community Center Project. Approved time period: 20 years. Art. 10, § 44.

City of Roseville. Imposing a tax of one-half of one percent to fund construction of a new maintenance facility and construction of a new license and passport center. Approved time period: 20 years. Art. 10, § 45.

City of St. Joseph. Imposing a tax of one-half of one percent to fund construction of Phase II of the St. Joseph community center expansion and Phases II and III of the improvements to East Park. Approved time period: 17 years. Art. 10, § 46.

Stearns County. Imposing a tax of three-eighths of one percent to fund construction of a new Stearns County Justice Center. Approved time period: 30 years. Art. 10, § 47.

City of Stillwater. Imposing a tax of one-half of one percent to fund construction, renovation, and improvements to the Riverfront Improvement Project. Approved time period: 20 years. Art. 10, § 48.

Winona County. Imposing a tax of one-quarter of one percent to fund the construction of a new correctional facility or upgrades to an existing correctional facility. Approved time period: 25 years. Art. 10, § 49.

City of Woodbury. Imposing a tax of one-half of one percent to fund construction of a new public safety campus. Approved time period: 20 years. Art. 10, § 50.