

## Steps That a Political Subdivision Must Follow to Impose a Local Sales Tax

In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

1. The governing body of political subdivision must pass a resolution proposing the tax stating (at least) the:
  - a. Proposed tax rate,
  - b. Amount of revenue to be raised and its intended uses, and
  - c. Anticipated date that the tax will expire.
2. The proposed tax, then, must be submitted to and passed by the majority of the voters at a general election held at least 90 days after the resolution was passed. The political subdivision may not expend money to advertise or promote the tax.
3. The political subdivision must request and get enacted a special law authorizing imposition of the tax.
4. The political subdivision must file local approval with the secretary of state before the start of the next regular legislative session after the session in which the enabling law is enacted.
5. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

A political subdivision must get special legislation authorizing the imposition of the sales tax. The statute requires that the governing body of the political subdivision pass a resolution indicating its desire to impose the tax prior to requesting the enabling legislation. The resolution must include information on the proposed tax rate, the amount of revenue to be raised and its intended use, and the anticipated date when the tax will expire. This resolution requirement was added during the 1998 session. [Minn. Stat. § 297A.99](#), subd. 9a.

Since 1999, political subdivisions have been required to hold a local referendum at a general election<sup>3</sup> before imposing an authorized local sales tax. The revenue may only be used to fund specific capital improvements, which must be identified at least 90 days before the referendum. This codified existing practice, since most special legislation authorizing local taxes passed in recent years already imposed this requirement. However the 1999 law was ambiguous on the timing of the referendum—whether it should be held before or after the enabling legislation had passed. In 2011 the law was clarified to require the political subdivision to hold the referendum prior to coming to the legislature for authority to impose the tax. [Minn. Stat. § 297A.99](#), subsd. 2 and 3.

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<sup>3</sup> A general election means either the state general election held on the first Tuesday after the first Monday in November of an even-numbered year, or a regularly scheduled election for local public officials for that political subdivision.