

**MEETING ANNOUNCEMENT AND AGENDA**  
**CAMBRIDGE CITY COUNCIL, CITY HALL COUNCIL CHAMBERS**  
**SPECIAL MEETING – JULY 20, 2015**  
**3:00 PM**

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**AGENDA**

1. Call to Order
  2. Down Payment Assistance Grant Program (bring materials from July 6 mtg) (verbal)
  3. Council Communications (verbal)
  4. Local Option Sales Tax and/or Referendum Questions (p. 1)
  5. 2016 Election – Municipal Primary (p. 29)
  6. 2016 Budget and Long Range Plan Update (p. 30)
  7. Adjournment
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Meeting Announcement and Agenda  
Cambridge City Council, City Hall Council Chambers  
**REGULAR MEETING, MONDAY, JULY 20, 2015**  
**6:00 pm**

Members of the audience are encouraged to follow the agenda. Copies of the agenda are on the table outside the Council Chambers door. When addressing the Council, please state your name and address for the official record.

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**AGENDA**

1. Call to Order & Pledge of Allegiance
  2. Citizens Forum
  3. Approval of Agenda (p. 1)
  4. Consent Agenda Approvals  
A. Warrants #99905 - #100203 and ACH/Wire items totaling \$2,962,639.79 (p. 5)
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- B. Regular and Summary City Council Minutes for July 6, 2015 (p. 50)
  - C. Approve Resolution R15-039 Authorizing the Sale of the Former SACS Lot located at 332 3<sup>rd</sup> Avenue NW, Cambridge, MN (p. 57)
  - D. Approve Resolution R15-040 Application for Payment #3 from R.L. Larson for 2015 Street Improvements (p. 60)
  5. Work Session
    - A. Introduction of University of Minnesota Student Keshika De Sarm preparing research for the proposed MN Design Team Visit in spring of 2016 (p. 73)
  6. Unfinished Business
  7. New Business
    - A. 2016 Street Improvements-Approve Resolution R15-041 Ordering Feasibility Report and Approving Engineering Services Agreement (p. 74)
    - B. Approve Resolution No. 15-042 granting an Interim Use Permit in the B-1 zoning district for The Journey New Life Church (p. 80)
    - C. Approve Ordinance No. 618 Amending Residential Rear Yard Setbacks (p. 87)
    - D. Request from American Legion for Veterans Memorial (verbal)
    - E. Approve Liquor License for MBT Entertainment Inc. effective July 27, 2015 – June 30, 2016 (p. 92)
    - F. Approve Appointment of Lynn Dablow, Director of Isanti County Historical Society, to the Library Task Force (p. 93)
  8. Mayor's Report
  9. Councilmembers' Concerns
  10. City Attorney's Report
  11. City Administrator's Report
  12. Adjourn
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**Notice to the hearing impaired:** Upon request to City staff, assisted hearing devices are available for public use.

Accommodations for wheelchair access, Braille, large print, etc. can be made by calling City Hall at 763-689-3211 at least three days prior to the meeting.

Unless otherwise noted, all meetings are at City Hall in Council Chambers

### Upcoming Meetings

<u>Date</u>	<u>Time</u>	<u>Description</u>
July 27	4:00 pm	Library Task Force Meeting
July 27	6:00 pm	Fire Dept. Meeting (Fire Dept. Training Room)
July 28	9:00 am	Isanti County EDA Meeting (Isanti Co. Govt. Ctr.)
July 28	7:00 pm	Isanti County Parks & Rec Commission (Isanti Co. Govt. Ctr.)
Aug 3	3:00 pm	City Council and EDA Meetings

### Upcoming Events

<u>Date</u>	<u>Time</u>	<u>Description</u>
July 22-26		Isanti County Fair (Isanti County Fair Grounds)
Aug 4	4:00 pm	National Night Out Event (Cambridge Fire Department)
Sept 18	4:00 pm	Customer Appreciation Event
Sept 19		Cambridge City Wide Garage Sales
Sept 19	9:00 am - noon	City of Cambridge Recycle Event (Cambridge City Hall)
Sept 25	1:00 pm	Beyond the Yellow Ribbon Golf Tournament (Purple Hawk Country Club)

Prepared by: Lynda J. Woulfe, City Administrator

**Background**

Councilmembers have inquired about the option of implementing a local option sales tax to fund future capital projects such as a library and community / aquatics center. The purpose of this staff report is to provide information and generate discussion for the Council's long range planning session. Here is the process for implementing a local option sales tax:

1. City Council needs to pass a resolution calling for the question of a local option sales tax to be placed on the general election ballot for November 2016. The resolution must be specific as to the purpose of the sales tax, the end date (sunset date) for the sales tax collection, and the debt service the sales tax funds will repay.
  - a. Decision to be made – what is the request for
    - i. Library
    - ii. Community / Aquatics Center
    - iii. Both the Library and Community / Aquatics Center
    - iv. Library, Community / Aquatics Center, and Curling Club
  - b. Beginning date for the sales tax collection
2. This ballot question must be passed during a general election. The next general election is November 8, 2016. The question posed on the ballot must indicate the specific purpose for the Local Option Sales Tax, the end date, and the debt service the sales tax funds will replay.
3. If the ballot question passes, a resolution from the City Council indicating the will of the people to have the Local Option Sales Tax must be forwarded to the Secretary of State certifying the election results and to our local legislators so they can introduce the legislation during the 2017 legislative session.
4. If the 2017 Legislature passes the bill and it is signed by the Governor, the earliest it would take effect could be July 1, 2017 but most likely it would be made effective January 1, 2018.
5. Debt service for these projects cannot be issued until after the legislation has been adopted so projects could not begin until the spring of 2018.

**Other questions for consideration -- Referendum**

Do you want to put all your eggs in one basket by only seeking approval for a sales tax on the ballot? Should the City put referendum questions on the same ballot? The other way to fund a library and/or community center is by placing a referendum question on the ballot. If you fail to do this in 2016 you may have to wait until the next general election in 2018. Is that acceptable to you?

I hope this will give you ample background to determine what course of action the Council desires to pursue. Attached is the information from the April 20, 2015 Council packet on a local option sales tax.

RESOLUTION R15-XXX

*Intent to Call for a Referendum on a  
½ percent Local Sales and Use Tax for November 1, 2016*

The City Council of the City of Cambridge, Isanti County, Minnesota (the "City") hereby determines that:

It is in the best interest of the City to hold a referendum election on a one-half percent (.005) local sales and use on November 1, 2016 as part of the State's general election,

The purpose for the local option sales tax is to fund payments for the \$12,170,000 bond issuance for the Cambridge Public Library, East Central Regional Library Headquarters, and the Cambridge Community and Aquatics Center from January 1, 2017 to December 31, 2036 (\$18,005,775.75 with principal and interest).

The City Administrator is authorized to prepare the question for the ballot and directed to file with the Isanti County Auditor's Office a certified copy of this resolution and to notify the Secretary of State's Office of the election results for the ballot question.

The City Administrator is authorized and directed to take all actions necessary to implement this action including seeking special legislation if the ballot question passes for the establishment of the local option sales tax.

Adopted by the Cambridge City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Marlys A. Palmer, Mayor

ATTEST:

\_\_\_\_\_  
Lynda J. Woulfe, City Administrator

# City Revenue Diversification

*Cities have dealt with many extreme fiscal challenges over the last decade—and it appears that more lie ahead. With the erosion of the state-city fiscal partnership and no public appetite for higher property taxes, cities are seeking authority for new sources of revenue.*

By Gary Carlson

The “Great Recession,” which hit Minnesota hard, will result in a “new normal” where chronic government deficits will lead to fewer public sector services, according to State Economist Tom Stinson. We’ll see a shift in the balance between the private and public sectors.

At least in the short term, Stinson’s predictions appear to be accurate. Minnesota’s latest state budget troubles surfaced in the fall of 2007 and since then, the state has faced repeated budget deficits, resulting in \$310 million in state cuts to cities since December 2008. The state’s fiscal outlook for the 2012–2013 biennium does not look any better. Based on the December 2010 state budget forecast, expenditures will exceed projected revenues by \$6.2 billion. If action is not taken to permanently address this deficit, the problem balloons to more than \$11 billion in the 2014–2015 biennium.

As local units of government have struggled with the repeated reductions in state programs since the recession of 2001, property taxes have now eclipsed the income tax as the largest source of state and local government tax revenue in Minnesota. In fact, according to the Minnesota Department of Revenue, the share of total state and local taxes generated through the property tax has risen to the highest level since the early 1970s.

## The League’s policy

The erosion of the partnership between the state and cities and the potential for additional future cuts in local government aid (LGA) and market value homestead credit (MVHC) reimburse-

ment, along with the recent increases in the property tax, have elevated the importance of revenue diversification for many cities.

For the 2011 legislative session, the League of Minnesota Cities’ policy supports general authorization for city revenue diversification, including a local sales tax option. This year’s policy was modified to support allowing city councils to enact a local sales tax without legislative approval and to use the resulting revenues for public capital improvements. (This is policy FF-19 in the LMC 2011 City Policies, available at [www.lmc.org/policies](http://www.lmc.org/policies).)

## Cities respond to fiscal challenges

Many other events in recent years have also highlighted the need for local revenue diversification. Over the past decade, cities have responded to repeated fiscal challenges by cutting programs and finding new efficiencies. In fact, even before the deep 2010 cuts, a 2009 League survey found that 46 percent of cities were already cutting spending and almost one-third were instituting new efficiencies such as contracting for services or collaborating with other units of government.

Past program cuts and efficiency measures have undoubtedly helped cities address the fiscal challenges. However, additional significant savings will be difficult to find.

As city officials try to balance the service needs and demands of citizens, they are aware of the profound impact the recession has had on families and businesses. They realize the hardship that would result from raising the

property tax—the only generally available source of tax revenue for local governments.

The struggle of cities is apparent in the preliminary 2011 levies. Cities have collectively proposed a property tax increase that is significantly below the authority granted under state levy limitations, which included authority to recoup the revenue lost in the 2010 and 2011 state cuts.

The situation has led some city officials to look at other potential sources of revenue. For example, some cities are considering new or increased fees, a financing structure that can work well for some services. In addition, user charges that are more reflective of the user’s benefit can reduce demand for the service.

But some services, such as public safety, cannot easily be priced this way. If police services were funded entirely through user fees charged at the time of a police call, the charge would likely be unaffordable.

In addition, when non-residents realize the benefits of a city’s services, that creates another pricing challenge. For example, non-residents may enjoy a city’s parks without paying a fee for the associated maintenance. And non-residents may drive to a regional mall without paying a fee to cover maintenance of the local streets they use. In situations like these, it might make more sense to fund the service through a tax source, such as the sales tax, which would be at least partially paid by non-residents who shop in the city.

## Minnesota sales tax history

In 1967, the Minnesota Legislature enacted the first state sales tax. The main goal of the 3 percent tax was to share the proceeds with local governments to offset the rising local property tax.

The 1971 prohibition on local sales taxes, along with property tax levy limits, signaled a legislative preference for reducing local property taxes with state aids rather than through new local-option revenues. The 1971 changes also indicated that the Legislature was concerned about minimizing local tax base disparities.

In 1973, the Legislature approved the first exception to the local sales tax ban. The city of Duluth was granted authority to impose a 1 percent local sales tax that could be used for general operations. That sales tax is still in effect today. Ten years later, the next exception was granted—to the city of Rochester to fund a convention center and flood control.

During the next 10 years (1983-1993), eight additional local sales taxes were approved by the Legislature but only four were actually implemented—Minneapolis (convention center), Mankato (riverfront project), St. Paul (civic center and hockey arena), and Cook County (medical facilities). During this time, a growing number of sales tax authorizations included a local referendum approval requirement.

In 1987, the Legislature also approved a general local lodging tax, with the restriction that 95 percent of the revenues from the tax must be used to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center.

The pace of city requests for local sales taxes accelerated during the latter half of the 1990s with authorizations granted to the cities of Hermantown, Two Harbors, Proctor, New Ulm, Willmar, Winona, Detroit Lakes, Fergus Falls, Owatonna, Hutchinson, Bemidji, and a group of central Minnesota cities that included St. Cloud, Sauk Rapids, Sartell, St. Joseph, and Waite Park. Not all of these implemented the tax.

## Statutory framework established

The 2000 Legislature approved a new statute (*Minnesota Statutes*, section 297A.99) that established a general

set of standards for cities and counties seeking local sales tax authorizations. This law required the local government to take three actions to impose a sales tax: (1) adopt a council resolution supporting the tax; (2) receive legislative approval to impose the tax; and (3) receive voter approval in a referendum.

The statute also requires that the tax be used only for a specific capital project and that the tax be terminated after the project is completed. Also, the local government is prohibited from seeking a new sales tax for one year. These provisions continue to exist in state law today.

Since then, legislators have authorized local sales taxes for the cities of Albert Lea, Bemidji, Willmar, Worthington, Austin, Baxter, Brainerd, Owatonna, Clearwater, North Mankato, Winona, Bloomington, and a group of central Minnesota cities that includes St. Cloud, Sauk Rapids, Sartell, St. Augusta, St. Joseph, and Waite Park, as well as Hennepin and Cook counties. The only authorizations that did not require voter approval were Hennepin County for the Twins Stadium and Bloomington for Mall of America public improvements.

The 2008 Legislature complicated the sales tax picture by authorizing counties to impose a sales and use tax to fund transit and transportation improvements. Counties in the metro area could impose a 0.25 percent sales and use tax by resolution for transit improvements as a part of the Metropolitan Transportation Area Authority, while metro and non-metro counties choosing not to participate in the Metropolitan Transportation Area Authority could impose up to a 0.5 percent sales and use tax with voter approval for a broader array of transportation-related projects. Currently, only the counties of Anoka, Dakota, Hennepin, Ramsey, and Washington impose the 0.25 percent sales and use tax, and no Greater Minnesota counties have elected to impose the transportation sales tax.

## Legislative concerns

Since the first local sales tax authorization was granted, legislators have raised concerns about sales tax base disparities and interlocal competition. Predominant among these concerns is the fact that some communities are home to large retail sales bases. Many of these communities would have the poten-

tial to generate substantial amounts of revenue to fund projects while others would have little revenue opportunity. In addition, competition for new retail development could result in unanticipated effects as communities vie with economic development incentives to secure the sales tax base.

In the past decade, additional concerns have been raised about the effect of local sales taxes on the overall administration of the sales tax. For example, the nationwide streamlined sales tax project has sought to develop sales tax standards that could be observed by all states in order to overcome a 1992 Supreme Court legal hurdle and ultimately allow states to require out-of-state retailers to collect and remit the Minnesota sales tax. With a growing number of local sales taxes, administrative conformity is arguably more difficult.

Aside from these more technical concerns, the growing number of local sales tax requests has also challenged legislators. Recent chairs of the House and Senate Taxes committees have struggled with requests and how to evaluate them.

This frustration culminated in 2008 while legislators were debating the merits of local sales tax authorizations for several cities. The omnibus tax conference committee imposed a two-year moratorium on local government expenditures related to advertising, promoting, expending funds, or holding a referendum to support imposing a local option sales tax. The stated rationale for the moratorium was that the chairs wanted to study how future city and county sales tax requests should be handled in order to eliminate or minimize the perception of political favoritism in the legislative approval process.

Now that the moratorium has expired and the need for cities to have more revenue options is greater, the League believes this is a good time to work with legislators to secure the passage of a local sales tax option. Cities—especially those that want a local sales tax—are encouraged to talk to their legislators in support of this effort.

*Gary Carlson is intergovernmental relations director with the League of Minnesota Cities. Phone: (651) 281-1255. E-mail: gcarlson@lmc.org.*

# City of Cambridge, Minnesota

\$12,170,000 General Obligation Library Bonds, Series 2015

Issue Summary

Assuming Current Non-BQ "AA-" Market Rates plus 50bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlay	Fiscal Total
02/01/2015	-	-	-	-	-	-
08/01/2015	-	-	184,951.25	184,951.25	194,198.81	-
02/01/2016	485,000.00	0.700%	184,951.25	669,951.25	703,448.81	897,647.63
08/01/2016	-	-	183,253.75	183,253.75	192,416.44	-
02/01/2017	495,000.00	0.850%	183,253.75	678,253.75	712,166.44	904,582.88
08/01/2017	-	-	181,150.00	181,150.00	190,207.50	-
02/01/2018	495,000.00	1.150%	181,150.00	676,150.00	709,957.50	900,165.00
08/01/2018	-	-	178,303.75	178,303.75	187,218.94	-
02/01/2019	500,000.00	1.550%	178,303.75	678,303.75	712,218.94	899,437.88
08/01/2019	-	-	174,428.75	174,428.75	183,150.19	-
02/01/2020	510,000.00	1.850%	174,428.75	684,428.75	718,650.19	901,800.38
08/01/2020	-	-	169,711.25	169,711.25	178,196.81	-
02/01/2021	515,000.00	2.200%	169,711.25	684,711.25	718,946.81	897,143.63
08/01/2021	-	-	164,046.25	164,046.25	172,248.56	-
02/01/2022	530,000.00	2.450%	164,046.25	694,046.25	728,748.56	900,997.13
08/01/2022	-	-	157,553.75	157,553.75	165,431.44	-
02/01/2023	540,000.00	2.700%	157,553.75	697,553.75	732,431.44	897,862.88
08/01/2023	-	-	150,263.75	150,263.75	157,776.94	-
02/01/2024	555,000.00	2.900%	150,263.75	705,263.75	740,526.94	898,303.88
08/01/2024	-	-	142,216.25	142,216.25	149,327.06	-
02/01/2025	570,000.00	3.100%	142,216.25	712,216.25	747,827.06	897,154.13
08/01/2025	-	-	133,381.25	133,381.25	140,050.31	-
02/01/2026	590,000.00	3.200%	133,381.25	723,381.25	759,550.31	899,600.63
08/01/2026	-	-	123,941.25	123,941.25	130,138.31	-
02/01/2027	610,000.00	3.500%	123,941.25	733,941.25	770,638.31	900,776.63
08/01/2027	-	-	113,266.25	113,266.25	118,929.56	-
02/01/2028	630,000.00	3.600%	113,266.25	743,266.25	780,429.56	899,359.13
08/01/2028	-	-	101,926.25	101,926.25	107,022.56	-
02/01/2029	655,000.00	3.700%	101,926.25	756,926.25	794,772.56	901,795.13
08/01/2029	-	-	89,808.75	89,808.75	94,299.19	-
02/01/2030	675,000.00	3.800%	89,808.75	764,808.75	803,049.19	897,348.38
08/01/2030	-	-	76,983.75	76,983.75	80,832.94	-
02/01/2031	705,000.00	3.900%	76,983.75	781,983.75	821,082.94	901,915.88
08/01/2031	-	-	63,236.25	63,236.25	66,398.06	-
02/01/2032	735,000.00	3.950%	63,236.25	798,236.25	838,148.06	904,546.13
08/01/2032	-	-	48,720.00	48,720.00	51,156.00	-
02/01/2033	760,000.00	4.000%	48,720.00	808,720.00	849,156.00	900,312.00
08/01/2033	-	-	33,520.00	33,520.00	35,196.00	-
02/01/2034	790,000.00	4.100%	33,520.00	823,520.00	864,696.00	899,892.00
08/01/2034	-	-	17,325.00	17,325.00	18,191.25	-
02/01/2035	825,000.00	4.200%	17,325.00	842,325.00	884,441.25	902,632.50
<b>Total</b>	<b>\$12,170,000.00</b>	<b>-</b>	<b>\$4,975,975.00</b>	<b>\$17,145,975.00</b>	<b>\$18,003,273.75</b>	<b>-</b>

### Significant Dates

Dated	2/01/2015
First Coupon Date	8/01/2015

### Yield Statistics

Bond Year Dollars	\$139,585.00
Average Life	11.470 Years
Average Coupon	3.5648350%
Net Interest Cost (NIC)	3.6345847%
True Interest Cost (TIC)	3.5998710%
Bond Yield for Arbitrage Purposes	3.5115365%
All Inclusive Cost (AIC)	3.6658579%

### IRS Form 8038

Net Interest Cost	3.5648350%
Weighted Average Maturity	11.470 Years

Series 2015 GO Library Bo | Issue Summary | 6/25/2014 | 8:23 AM





**MINNESOTA SALES AND USE TAX STATISTICS  
CAMBRIDGE CITY BY INDUSTRY 2013.XLS**

YEAR	CITY	INDUSTRY	GROSS SALES	TAXABLE SALES	SALES TAX	USE TAX	TOTAL TAX	NUMBER
2013	CAMBRIDGE	238 CONSTRUCT -SPECIAL TRADES	\$1,932,441	\$63,328	\$4,354	\$139	\$4,493	6
2013	CAMBRIDGE	332 MFG -FABRICATED METAL	\$41,091,363	\$101,023	\$6,946	\$1,304	\$8,250	5
2013	CAMBRIDGE	423 WHOLESALE -DURABLE	\$5,207,818	\$1,284,851	\$88,332	\$152	\$88,484	4
2013	CAMBRIDGE	441 RETL -VEHICLES, PARTS	\$17,963,194	\$7,694,574	\$529,002	\$2,508	\$531,510	6
2013	CAMBRIDGE	443 RETL -ELECTRONICS	\$3,952,565	\$2,409,327	\$165,638	\$1,130	\$166,768	7
2013	CAMBRIDGE	445 RETL -FOOD BEVERAGE STORE	\$27,195,777	\$4,595,168	\$315,919	\$15,791	\$331,710	4
2013	CAMBRIDGE	446 RETL -HEALTH, PERSONAL	\$20,815,875	\$1,911,677	\$131,426	\$5,100	\$136,526	4
2013	CAMBRIDGE	447 RETL -GASOLINE STATIONS	\$45,638,538	\$3,377,712	\$232,216	\$2,304	\$234,520	7
2013	CAMBRIDGE	448 RETL -CLOTHING, ACCESSORY	\$1,759,555	\$554,065	\$38,092	\$612	\$38,704	4
2013	CAMBRIDGE	451 RETL -LEISURE GOODS	\$646,106	\$587,449	\$40,390	\$0	\$40,390	7
2013	CAMBRIDGE	452 RETL -GENERAL MERCHANDISE	\$153,882,147	\$71,486,818	\$4,914,719	\$87,944	\$5,002,663	9
2013	CAMBRIDGE	453 RETL -MISC STORE RETAILER	\$50,235,554	\$45,026,094	\$3,095,665	\$3,020	\$3,098,685	26
2013	CAMBRIDGE	454 RETL -NONSTORE RETAILERS	\$314,695	\$237,358	\$16,320	\$25	\$16,345	4
2013	CAMBRIDGE	531 REAL ESTATE	\$2,831,125	\$895,402	\$61,559	\$1,058	\$62,617	7
2013	CAMBRIDGE	541 PROF,SCIENTIFIC,TECH SERV	\$2,700,323	\$757,701	\$52,093	\$118	\$52,211	18
2013	CAMBRIDGE	561 ADMIN, SUPPORT SERVICES	\$1,026,099	\$93,317	\$6,415	\$130	\$6,545	5
2013	CAMBRIDGE	611 EDUCATIONAL SERVICES	\$16,320	\$15,313	\$1,053	\$69	\$1,122	4
2013	CAMBRIDGE	621 HEALTH -AMBULATORY CARE	\$24,352,215	\$339,682	\$23,353	\$16,008	\$39,361	10
2013	CAMBRIDGE	722 FOOD SERV, DRNKING PLACES	\$18,438,107	\$18,156,926	\$1,282,683	\$11,082	\$1,293,765	27
2013	CAMBRIDGE	811 REPAIR, MAINTENANCE	\$6,216,312	\$3,560,654	\$244,794	\$657	\$245,451	13
2013	CAMBRIDGE	812 PERSONAL, LAUNDRY SERVICE	\$2,122,934	\$915,805	\$62,966	\$1,654	\$64,620	24
2013	CAMBRIDGE	813 RELIGIOUS,CIVIC,PROF ORGS	\$84,704	\$72,423	\$6,302	\$0	\$6,302	4
2013	CAMBRIDGE	921 EXEC, LEGISL, OTHER GOVT	\$5,465,662	\$5,034,548	\$459,413	\$10,584	\$469,997	4
2013	CAMBRIDGE	999 UNDESIGNATED/SUPPRESSED	\$282,314,047	\$16,930,047	\$1,164,763	\$258,749	\$1,423,512	48
			\$716,203,476	\$186,101,262	\$12,944,413	\$420,138	\$13,364,551	257

Local Use Tax Generated at .05%

\$930,506

**MINNESOTA SALES AND USE TAX STATISTICS  
CAMBRIDGE CITY BY INDUSTRY 2012.XLS**

YEAR	CITY	INDUSTRY	GROSS SALES	TAXABLE SALES	SALES TAX	USE TAX	TOTAL TAX	NUMBER
2012	CAMBRIDGE	238 CONSTRUCT -SPECIAL TRADES	\$1,776,970	\$26,350	\$1,811	\$187	\$1,998	5
2012	CAMBRIDGE	441 RETL -VEHICLES, PARTS	\$15,491,306	\$7,149,846	\$491,550	\$6,812	\$498,362	5
2012	CAMBRIDGE	443 RETL -ELECTRONICS	\$4,609,179	\$2,514,155	\$172,850	\$534	\$173,384	8
2012	CAMBRIDGE	444 RETL -BUILDING MATERIAL	\$41,261,740	\$38,722,902	\$2,662,313	\$5,682	\$2,667,995	4
2012	CAMBRIDGE	446 RETL -HEALTH, PERSONAL	\$20,225,162	\$1,871,054	\$128,631	\$3,038	\$131,669	4
2012	CAMBRIDGE	447 RETL -GASOLINE STATIONS	\$44,150,365	\$3,159,535	\$217,215	\$2,674	\$219,889	7
2012	CAMBRIDGE	448 RETL -CLOTHING, ACCESSORY	\$1,514,194	\$581,224	\$39,960	\$612	\$40,572	4
2012	CAMBRIDGE	451 RETL -LEISURE GOODS	\$712,216	\$650,102	\$44,694	\$178	\$44,872	7
2012	CAMBRIDGE	452 RETL -GENERAL MERCHANDISE	\$145,028,903	\$66,223,103	\$4,552,841	\$28,934	\$4,581,775	8
2012	CAMBRIDGE	453 RETL -MISC STORE RETAILER	\$31,365,365	\$8,769,897	\$602,929	\$20,391	\$623,320	24
2012	CAMBRIDGE	454 RETL -NONSTORE RETAILERS	\$491,784	\$365,473	\$25,125	\$162	\$25,287	7
2012	CAMBRIDGE	511 INFO -PUBLISHING INDUSTRY	\$3,749,197	\$18,103	\$1,245	\$2,735	\$3,980	4
2012	CAMBRIDGE	531 REAL ESTATE	\$2,482,390	\$810,186	\$55,701	\$1,883	\$57,584	8
2012	CAMBRIDGE	541 PROF,SCIENTIFIC,TECH SERV	\$3,118,721	\$835,593	\$57,446	\$431	\$57,877	12
2012	CAMBRIDGE	561 ADMIN, SUPPORT SERVICES	\$1,088,964	\$72,833	\$5,007	\$43	\$5,050	4
2012	CAMBRIDGE	621 HEALTH -AMBULATORY CARE	\$25,339,055	\$348,683	\$23,971	\$15,528	\$39,499	11
2012	CAMBRIDGE	722 FOOD SERV, DRNKING PLACES	\$18,872,348	\$18,658,375	\$1,321,346	\$7,248	\$1,328,594	26
2012	CAMBRIDGE	811 REPAIR, MAINTENANCE	\$6,534,917	\$3,926,791	\$269,968	\$0	\$269,968	13
2012	CAMBRIDGE	812 PERSONAL, LAUNDRY SERVICE	\$1,960,662	\$652,093	\$44,833	\$715	\$45,548	18
2012	CAMBRIDGE	813 RELIGIOUS,CIVIC,PROF ORGS	\$311,552	\$295,546	\$26,941	\$5	\$26,946	4
2012	CAMBRIDGE	921 EXEC, LEGISL, OTHER GOVT	\$5,333,323	\$4,893,103	\$444,651	\$10,142	\$454,793	4
2012	CAMBRIDGE	999 UNDESIGNATED/SUPPRESSED	\$303,213,674	\$20,557,346	\$1,413,757	\$170,246	\$1,584,003	51
			\$678,631,987	\$181,102,293	\$12,604,785	\$278,180	\$12,882,965	238

Local Sales Tax Generated at .5%

\$905,511

# Local Sales and Use Taxes

By Scott M. Kelly

The volatile nature of local government aid, underperforming enterprise funds, higher costs, and an increased reliance on the property tax system all contribute to the financial pressures cities face today. To provide the funding necessary for both today's needs and future vitality, cities are exploring additional, alternative sources of revenue. A growing number of cities have sought and obtained the authority to collect a local sales tax. This article provides a brief overview of local sales and use taxes in Minnesota.

**History.** Since the 1970s, local governments have lacked the independent authority to impose new taxes on sales or income. Cities must obtain special legislation authorizing the imposition of any local sales tax. To ease compliance costs and simplify administration, the Legislature has adopted model statutory language (Minn. Stat. § 297A.99) for the imposition and administration of new and pre-existing local sales taxes.

**What's taxable?** With certain exceptions, a local sales tax is applied to the same tax base as the state sales tax. Services performed will also be subject to the local tax if more than half of that service is performed with that local taxing jurisdiction.

**What's not?** Three basic types of sales are exempt:

1. Purchases shipped outside the taxing jurisdiction for use in a trade or business outside of the jurisdiction.
2. Purchases temporarily stored in the taxing jurisdiction before being shipped by common carrier for use outside of the jurisdiction.
3. Purchases subject to the direct pay provisions for interstate motor carriers under Minn. Stat. §297A.90.

**Complementary use tax.** A complementary use tax is required in all jurisdictions where local sales taxes are

imposed. The tax is imposed on the consumption or "use" of taxable items where no local sales tax was paid, and generally on purchases by residents from sellers located outside the local taxing district. A use tax removes any disadvantage local businesses may suffer to competitors located outside the taxing area and not required to collect local taxes.

**Resolution.** Prior to requesting such enabling legislation, a city council shall pass a resolution indicating its desire to impose a local sales tax. The resolution must include:

- The proposed tax rate.
- The amount of revenue to be raised.
- The intended use for the revenue.
- The anticipated date when the local sales tax will expire.

Though required in the resolution, the actual tax rate will be set by the special legislation authorizing the local sales tax. Proceeds of a local tax must be dedicated exclusively for the payment of a specific capital improvement. Generally, a successful local sales tax will fund local capital improvement projects with regional significance, such as:

- Convention/Civic centers.
- Police/Fire stations.
- Transportation.
- Libraries.
- Sewer/Water utilities.
- Parks and recreation.

In most cases, a tax's duration will be the time necessary to yield revenue sufficient to retire the general obligation bonds used for financing.

**Referendum.** If authorized by the Legislature, a city must, prior to imposition, submit and obtain approval from its citizens through a referendum. Pursuant to statute, this referendum will be held:

- At a state general election (first Tuesday after the first Monday in November of an even-numbered year); or
- At a regularly scheduled city election.

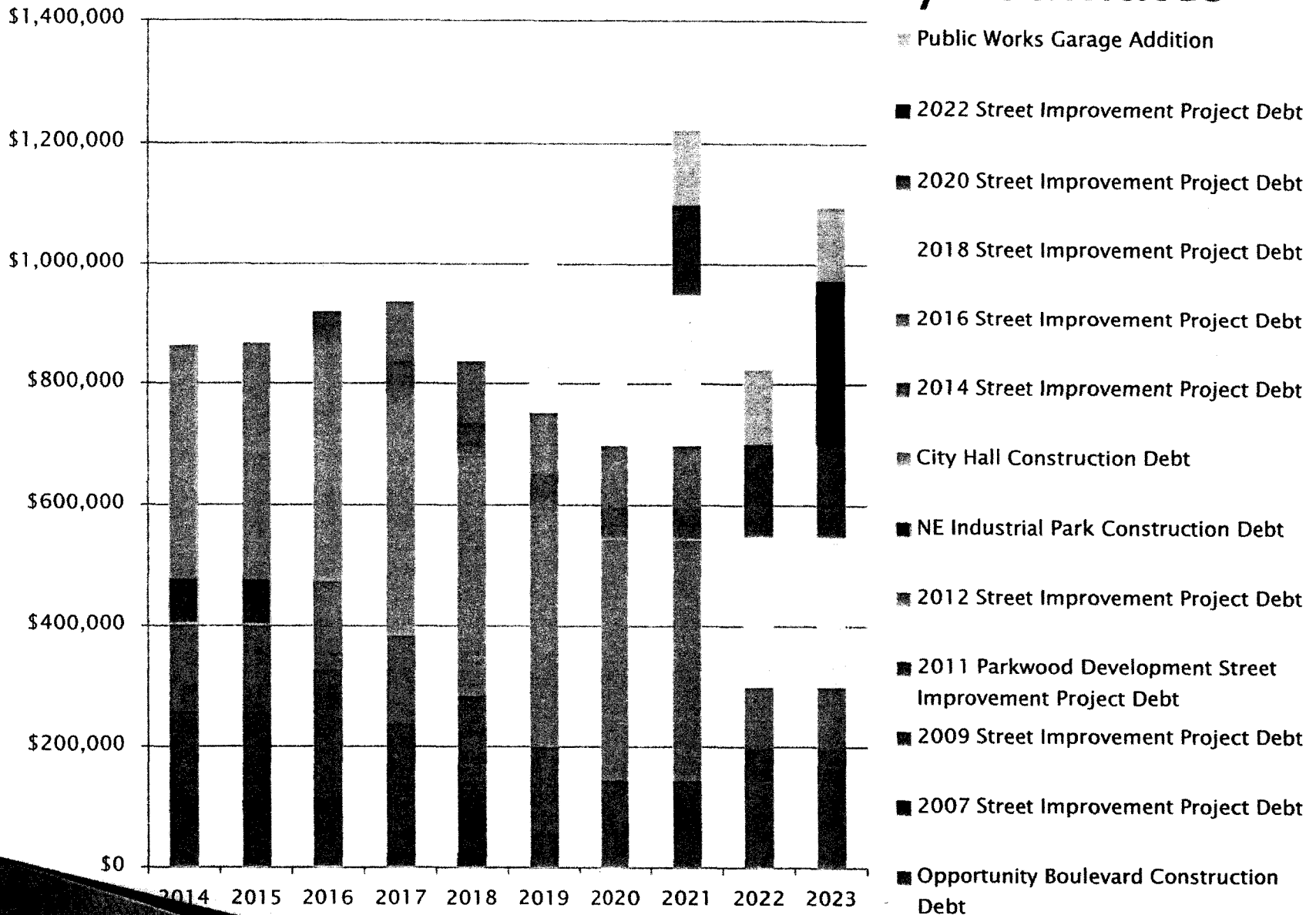
At least 90 days prior to the referendum, the city must designate the specific capital improvement for which the special taxing is proposed. If approved by the voters, the city clerk will file with the secretary of state a certificate stating facts necessary to indicate a valid approval (the number of votes cast for and against approval at the election).

**Administration, collection, and enforcement.** Minnesota Statute § 297A.99 delegates the administration and collection of all local sales and use taxes to the commissioner of revenue. Local taxes are subject to the same penalties, interest, and mechanisms for enforcement as the state sales tax. Sellers are required to combine the state and local sales tax rates and apply that combined rate to the taxable sales price, rounding to the nearest full cent. Zip codes are used to determine whether a delivery sale is subject to local sales and use taxes. The state will deduct its collection and administrative costs from the collected tax revenue and pay the local taxing jurisdiction (city) on a quarterly basis.

**Imposing/Repealing.** A city is required to provide the Department of Revenue at least 90 days notice when a local sales tax is either imposed or repealed; Revenue is then required to provide at least 60 days notice to sellers of any changes by a local taxing authority. Imposition may only occur on the first day of a calendar quarter, and any repeal is effective on the last day of a calendar quarter. Local sales taxes must expire after the completion of a project. Cities need to wait one year after expiration before imposing a new sales tax for a new capital improvement project. ■

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# Current & Future Debt Service Levy Estimates



Note—levy for operations is in addition to the debt service levies.

# Future room for debt service

- ▶ City Hall Debt service levy requirements end in 2021. Approximately \$400,000 per year will come off levy when City Hall is paid for. However, the current long range plan calls for additional street reconstruction work and a public works garage facility to come on levy after 2021, using up any “slack” that may be created.
- ▶ Consider starting capital campaign for Community center and work to retire debts earlier?
- ▶ Consider need to make this debt shared by more than City property owners (i.e. County-wide?)



# Tax Rate Comparisons to Peers

Name of City	2013 Total Tax Rate	Population est per LMC
Cambridge	187.41%	8,236
North Branch	184.38%	10,104
Princeton	192.34%	4,727
Isanti	167.45%	5,369
Little Falls	164.98%	8,315
Hutchinson	153.35%	14,034
Monticello	113.39%	12,901
East Bethel	128.88%	11,555
Rogers	145.65%	11,508
Buffalo	135.25%	15,666
Big Lake	159.43%	10,334

# Tax Rate Comparisons

	Tax Ranking	Percentile
2013 Cambridge tax ranking in MN (already not a city larger than Cambridge with higher tax rate than Cambridge in MN)	733 highest out of 853	86 <sup>th</sup> percentile
Tax ranking if we add library debt	800 highest out of 853	94 <sup>th</sup> percentile
Tax ranking if we add Community center debt 50% paid by taxes	789 highest out of 853	92 <sup>nd</sup> percentile
Tax ranking if we add library and Community center debt 50% paid by taxes	814 highest out of 853	95 <sup>th</sup> percentile
Tax ranking if we add library and Community center must be paid 100% by taxes	820 highest out of 853	96 <sup>th</sup> percentile

## Local Sales Tax Bills Heard in the House

### Four bills would extend existing or authorize new city sales taxes.

*(Published Mar 23, 2015)*

The House Property Tax and Local Government Finance Division (*Link to: <http://www.house.leg.state.mn.us/cmte/Home/?comm=89024>*) heard several bills on March 18 that would enact or extend local sales taxes for specific cities. Under Minnesota law, cities must seek legislative approval to charge a local sales tax.

Among the bills were HF 421 (*Link to: <https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF421&ssn=0&y=2015>*) (Rep. Mary Murphy (*Link to: [http://www.house.leg.state.mn.us/members/members.asp?leg\\_id=10444](http://www.house.leg.state.mn.us/members/members.asp?leg_id=10444)*), DFL-Hermantown), which would allow the City of Proctor to increase its existing 0.5 percent sales tax to 1 percent, with the approval of voters. The revenue from the increased sales tax would pay for the \$10 million in improvements to public utilities, sidewalks, bike paths and trails, and park and recreation facilities originally authorized in the 2008 and 2010 Proctor sales tax laws. Proctor Councilmember Jake Benson and Deputy City Clerk Ken Peterson testified in support of the bill.

Mankato and North Mankato would be allowed to extend their local sales taxes under HF 1413 (*Link to: <https://www.revisor.mn.gov/bills/bill.php?f=HF1413&b=house&y=2015&ssn=0>*) (Rep. Clark Johnson (*Link to: [http://www.house.leg.state.mn.us/members/members.asp?leg\\_id=15425](http://www.house.leg.state.mn.us/members/members.asp?leg_id=15425)*), DFL-North Mankato). Under the bill, Mankato would be allowed, with voter approval, to raise an additional \$29 million, plus associated bond costs, to fund improvements to regional recreational facilities; improvements to the flood control and levee system; water quality improvement projects in Blue Earth and Nicollet counties; expansion of a transit building and related transit improvements; and matching funds for regional facilities such as a historic museum, supportive housing, and a senior center.

In addition, the bill would also allow Mankato to raise another \$25 million, plus associated bond costs, to fund a number of new regional athletic facilities that would also be funded by North Mankato. This additional authorization would be subject to additional voter approval.

The bill would also allow North Mankato to extend its existing sales tax to fund previously authorized uses, which include a road interchange, trails, a library, riverfront development, and lake improvement projects. In addition, the bill would authorize the city to fund \$9 million in new regional athletic facilities along with Mankato, subject to a reverse referendum.

Mankato Mayor Eric Anderson and North Mankato Mayor Mark Dehen, along with Mankato City Manager Pat Hentges and North Mankato Administrator John Harrenstein, testified in support of the bill.

The committee also considered two bills that would authorize Windom and Walker to impose new local sales taxes. HF 534 (*Link to: <https://www.revisor.mn.gov/bills/bill.php?f=HF534&b=house&y=2015&ssn=0>*) (Rep. Rod Hamilton (*Link to: [http://www.house.leg.state.mn.us/members/members.asp?leg\\_id=12264](http://www.house.leg.state.mn.us/members/members.asp?leg_id=12264)*), R-Mountain Lake), the Windom local sales tax proposal, would allow the city to issue bonds and impose a local sales tax of up to 1 percent, with the approval of voters, with the revenue used for public facilities within the city. Windom City Administrator Steve Nasby testified in support of the bill.

HF 587 (*Link to: <https://www.revisor.mn.gov/bills/bill.php?f=HF587&b=house&y=2015&ssn=0>*) (Rep. John Persell (*Link to: [http://www.house.leg.state.mn.us/members/members.asp?leg\\_id=15298](http://www.house.leg.state.mn.us/members/members.asp?leg_id=15298)*), DFL-Bemidji) would allow the city of Walker to impose a local sales of 1.5 percent and issue up to \$20 million in bonds to fund capital and administrative costs for underground utility, street, curb and gutter, and sidewalk improvements as outlined in the city's 2012 capital improvement plan. The city received voter approval for the sales tax and the projects at an election held in 2012. Walker Mayor Jed Shaw and Councilmember Gary Wilkening testified in support of the bill.

All of the bills were laid over and may be included in the division report, which will eventually become a part of the full House Taxes Committee's omnibus tax bill. The division report is expected to be released sometime after April 7.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

\* By posting you are agreeing to the LMC Comment Policy (*Link to: <http://www.lmc.org/page/1/comment-policy.jsp>*).



**Minnesota Local Sales & Use Tax  
Total Collections  
CY 2004-2013**

For detail by month, double click on links.

Local Entity	Start Date*	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 First 9 Months
<a href="#">Albert Lea</a>	4/06			\$672,514	\$1,193,643	\$1,295,287	\$1,302,397	\$1,417,881	\$1,385,185	\$1,361,956	\$1,371,727	\$1,060,675
<a href="#">Austin</a>	4/07				824,839	1,306,244	1,415,665	1,521,493	1,602,890	1,654,987	1,626,125	1,299,495
<a href="#">Baxter</a>	10/06			269,460	1,907,480	1,817,395	1,814,425	1,812,195	1,842,188	2,003,212	2,120,411	1,630,243
<a href="#">Bemidji</a>	1/06			1,423,560	1,690,976	1,688,220	1,749,687	1,846,889	1,962,085	1,962,300	2,189,580	1,621,935
<a href="#">Brainerd</a>	4/07				556,740	830,840	850,614	829,980	839,153	883,124	881,244	646,668
<a href="#">Clearwater</a>	12/08					16,142	143,050	170,377	301,999	182,010	188,439	151,050
<a href="#">Cloquet</a>	5/13										695,762	791,394
<a href="#">Duluth</a>	1/06			11,398,159	12,225,979	12,194,936	11,641,832	12,084,658	12,708,709	13,068,224	13,685,071	10,333,427
<a href="#">Fergus Falls</a>	2/12									1,019,239	1,189,756	975,260
<a href="#">Hermantown</a>		\$1,099,765	\$1,153,669	1,137,678	1,193,037	1,109,705	1,127,223	1,134,116	1,169,932	1,224,434	2,089,558	1,815,325
<a href="#">Hutchinson</a>	2/12									1,193,556	1,432,169	1,073,616
<a href="#">Lanesboro</a>	2/12									47,126	79,416	55,201
<a href="#">Mankato</a>		3,810,405	4,386,026	4,128,429	4,334,356	4,388,499	4,381,403	4,520,952	4,702,420	4,881,939	4,974,848	3,817,085
<a href="#">Marshall</a>	5/13										894,350	1,061,791
<a href="#">Medford</a>	5/13										81,810	96,072
<a href="#">Minneapolis</a>		26,843,649	28,556,270	28,493,948	30,425,381	30,108,225	27,603,226	27,913,705	30,759,503	32,561,414	33,548,740	26,234,198
<a href="#">New Ulm</a>		787,779	843,201	886,988	939,425	933,519	939,757	993,663	1,022,880	1,062,888	1,233,243	1,024,159
<a href="#">North Mankato</a>	10/08					49,057	393,426	463,065	488,382	568,365	614,733	450,330
<a href="#">Owatonna</a>	4/07				1,240,622	1,946,356	2,092,829	1,886,147	1,224,809	15,330	7,459	15,328
<a href="#">Proctor</a>		122,678	126,570	151,315	132,581	130,167	154,416	150,941	151,106	162,363	213,830	135,873
<a href="#">Rochester</a>		8,548,150	8,732,500	9,255,831	9,833,630	9,482,871	9,635,634	9,319,670	9,658,017	10,071,132	10,428,422	8,084,188
<a href="#">St. Cloud Area</a>		5,797,346	6,164,590	8,114,589	8,719,065	8,434,991	8,250,610	8,282,589	8,714,584	9,175,367	9,473,929	7,154,749
<a href="#">St. Paul</a>		14,263,523	14,934,741	15,452,469	16,171,672	15,870,879	15,842,996	16,023,319	16,383,063	16,454,773	17,502,316	13,745,802
<a href="#">Two Harbors</a>		204,588	240,134	265,108	270,767	254,739	229,402	265,545	311,437	284,653	270,934	232,733
<a href="#">Willmar</a>	1/06			1,475,634	1,794,419	1,751,563	1,733,787	1,753,486	1,870,799	2,064,924	429,176	31,880
<a href="#">Worthington</a>	4/09						414,264	717,875	804,606	802,609	842,602	606,997
<a href="#">Cook Co</a>		1,002,391	1,074,550	1,079,651	1,181,755	443,333	996	767,942	1,145,291	1,258,563	1,444,164	1,077,594
<a href="#">Hennepin Co</a>	1/07				24,573,566	29,082,574	28,030,758	28,864,673	31,063,329	32,344,624	34,249,703	26,300,987
<a href="#">Metro Area Transit</a>	7/08					34,024,649	86,990,821	90,169,253	96,773,584	101,077,456	108,100,932	83,376,270
<b>Total</b>		<b>\$62,480,273</b>	<b>\$66,212,250</b>	<b>\$84,205,334</b>	<b>\$119,209,933</b>	<b>\$156,960,190</b>	<b>\$206,739,218</b>	<b>\$212,910,414</b>	<b>\$226,885,951</b>	<b>\$237,386,568</b>	<b>\$251,860,449</b>	<b>\$194,900,325</b>

\*Start date is included only for taxes not in effect for all years shown.

## Local Sales and Use Taxes

164

Sales Tax  
Fact Sheet

### What's New In 2015

#### Starting April 1, 2015:

- Carlton County will have a 0.50 percent Transit Sales and Use Tax and a \$20 per vehicle Excise Tax
- Proctor will have a 1.00 percent Food and Beverage Tax
- St. Louis County will have a 0.50 percent Transit Sales and Use Tax and a \$20 per vehicle Excise Tax.
- Steele County will have a 0.50 percent Transit Sales and Use Tax.

#### Starting Jan. 1, 2015:

- Fillmore County has a 0.50 percent Transit Sales and Use Tax
- Todd County has a 0.50 percent Transit Sales and Use Tax

### What's New In 2014

#### Starting Oct. 1, 2014:

- Douglas County has a 0.50 percent Transit Sales and Use Tax

#### Starting July 1, 2014:

- Becker County has a 0.50 percent Transit Sales and Use Tax

## Local Sales and Use Taxes (and Special Local Taxes)

City/County	Type of Tax	Begin Date	Rate
Albert Lea	Sales and Use Tax	4/1/06	0.50%
Austin	Sales and Use Tax	4/1/07	0.50%
Baxter	Sales and Use Tax	10/1/06	0.50%
Becker County	Transit Sales and Use Tax	7/1/14	0.50%
Beltrami County	Transit Sales and Use Tax	4/1/14	0.50%
Bemidji	Sales and Use Tax	1/1/06	0.50%
Brainerd	Sales and Use Tax	4/1/07	0.50%
Carlton County	Transit Sales and Use Tax	4/1/15	0.50%
Clearwater	Sales and Use Tax	10/1/08	0.50%
Cloquet	Sales and Use Tax	4/1/13	0.50%
Cook County	Sales and Use Tax	4/1/10 (1)	1.00%
Detroit Lakes	Food and Beverage Tax*	4/1/11	1.00%
Douglas County	Transit Sales and Use Tax	10/1/14	0.50%
Duluth	Sales and Use Tax	1/1/70 (2)	1.00%
Fergus Falls	Sales and Use Tax	1/1/12	0.50%

Sales and Use Tax Division – Mail Station 6330 – St. Paul, MN 55146-6330  
 Phone: 651-296-6181 or 1-800-657-3777  
 Email: salesuse.tax@state.mn.us

This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Alternative formats available upon request.

City/County	Type of Tax	Begin Date	Rate
Fillmore County	Transit Sales and Use Tax	1/1/15	0.50%
Giants Ridge Recreation Area (city of Biwabik)	Admissions and Recreation Tax*	7/1/11	2.00%
	Food and Beverage Tax*	7/1/11	1.00%
	Lodging Tax*	7/1/11	2.00%
Hennepin County	Sales and Use Tax	1/1/07	0.15%
Hermantown (3)	Sales and Use Tax	4/1/13	1.00%
	Sales and Use Tax	1/1/00 – 3/31/13	0.50%
Hutchinson	Sales and Use Tax	1/1/12	0.50%
Lanesboro	Sales and Use Tax	1/1/12	0.50%
Mankato	Sales Tax	4/1/92	0.50%
	Use Tax	1/1/00	0.50%
	Food and Beverage Tax*	4/1/09	0.50%
	Entertainment Tax*	4/1/09	0.50%
Marshall	Sales and Use Tax	4/1/13	0.50%
	Food and Beverage Tax*	7/1/13	1.5%
Medford	Sales and Use Tax	4/1/13	0.50%
Minneapolis	Sales and Use Tax	2/1/87	0.50%
	Downtown Liquor Tax*	2/1/87	3.00%
	Lodging Tax*	4/1/02 (4)	2.625%
	Downtown Restaurant Tax*	2/1/87	3.00%
	Entertainment Tax*	10/1/69	3.00%
New Ulm	Sales and Use Tax	4/1/01	0.50%
North Mankato	Sales and Use Tax	10/1/08	0.50%
Olmsted County	Transit Sales and Use Tax	1/1/14	0.25%
Owatonna	Sales and Use Tax	4/1/07 – 6/30/11	0.50%
Proctor	Sales and Use Tax	4/1/00	0.50%
	Food and Beverage Tax*	4/1/15	1.00%
Rice County	Transit Sales and Use Tax	1/1/14	0.50%
Rochester	Sales and Use Tax	1/1/93	0.50%
	Lodging Tax*	9/1/71 (6)	7.00%
St. Cloud Area (5)	Sales and Use Tax	1/1/03	0.50%
St. Cloud	Liquor Tax*	2/1/87	1.00%
	Food Tax*	2/1/87	1.00%
St. Paul	Sales Tax	9/1/93	0.50%
	Use Tax	1/1/00	0.50%
	Lodging Tax 50+ rooms*	4/1/04	6.00%
	Lodging Tax less than 50 rooms*	4/1/04	3.00%
Todd County	Transit Sales and Use Tax	1/1/15	0.50%
St. Louis County	Transit Sales and Use Tax	4/1/15	0.50%
Steele County	Transit Sales and Use Tax	4/1/15	0.50%
Transit Improvement Area (includes the counties of Anoka, Dakota, Hennepin, Ramsey and Washington)	Sales and Use Tax	7/1/08	0.25%
Two Harbors	Sales and Use Tax	4/1/99	0.50%
Wadena County	Transit Sales and Use Tax	4/1/14	0.50%
Willmar	Sales and Use Tax	1/1/06 – 12/31/12	0.50%
Worthington	Sales and Use Tax	4/1/09	0.50%

- (1) Cook County 1.0% sales and use taxes originally began 1994 and 2001 respectively, and ended 3/31/08. The taxes resumed 4/1/10.
- (2) Duluth sales and use tax originally began 1/1/70. Minnesota Department of Revenue began administration 1/1/06.
- (3) Hermantown sales and use tax increased 1% (from 0.5%) effective 4/1/13.
- (4) Minneapolis lodging tax rate prior to 7/1/09 was 3.0%.
- (5) St. Cloud, Sartell, Sauk Rapids, and St. Augusta were original participants in this tax. Beginning 1/1/06, St. Joseph and Waite Park also became participating cities.
- (6) Beginning 1/1/14, the Rochester lodging tax rate is 7%. Prior to 1/1/14, the Rochester lodging tax rate was 4%.

\* For more information about the special local taxes, see Sales Tax Fact Sheets 164M, Minneapolis Special Local Taxes and 164S, Special Local Taxes: Detroit Lakes, Giants Ridge Recreation Area, Mankato, Marshall, Proctor, Rochester, St. Cloud and St. Paul.

## Local sales tax

The Minnesota Department of Revenue currently administers the local taxes shown in the chart above. Local sales tax applies to retail sales made and taxable services provided within the local taxing area. The tax applies to the same items that are taxed by the Minnesota sales and use tax law.

**To figure the tax**, combine the state tax rate and the local rate(s). Apply the combined rate to the taxable sales price and round to the nearest full cent. Rate charts are available on our website or upon request.

**Report** local taxes when you electronically file your Minnesota sales and use tax. The figures are reported separately from state taxes.

## Who is required to collect

All retailers who are registered to collect Minnesota sales tax and are doing business in an area with a local tax must be registered with the Minnesota Department of Revenue to collect that local tax. This includes any sellers from outside the locality who:

- have an office, distribution, sales, sample, or warehouse location, or other place of business in the local area either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in the local area, on either a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's goods or services, or leasing tangible personal property in the local area;
- ship or deliver tangible personal property to the local area; or
- perform taxable services in the local area.

Local tax applies to sales made or services performed within city limits or county boundaries only. ZIP codes help to determine the taxing area, but don't always correspond exactly with city or county limits, so part of a ZIP code may be outside the city or county. (See the section *ZIP codes* on pages 4 and 5.)

## Local use tax

Local use tax applies when you buy items or services for use, storage, distribution or consumption in the local area without paying local sales tax to the seller. Use tax is similar to the sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of when use tax is due are when:

- You buy items outside the local area and the seller doesn't charge local sales tax, and you use or store the item in the local area.
- You buy a taxable item from an out-of-state seller who does not charge local sales tax.

For more information, see Fact Sheets 146, Use Tax for Businesses, and 156, Use Tax for Individuals.

**Credit for local tax paid.** If you pay local sales tax in Minnesota to one locality but use the items in another area that imposes a local sales and use tax, you are allowed credit for the local sales tax already paid.

## Several ways to register

You may register for local taxes on the Internet using *e-Services*. Access your sales and use tax account. You can add local tax lines from the "Registration" menu on the left side. Click on "Sales Locations" from the Registration menu. Click on the blue link for the location number you want to edit. Select "Click Here to Edit Local Information" and add any local sales or use tax for this location. The local tax line will be updated overnight.

You may register for local taxes when filing your sales tax return on the Internet in *e-Services*. At the "Tax Inputs" screen, click the "Add a Record" link. Use the tax type drop-down box and select the local tax you wish to add. Enter the taxable sales amount in the local tax line you added. The local tax line will appear on future returns.

If you file by phone, you must register for local tax before you file your return. Call 651-282-5225 or 1-800-657-3605; email us at [salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us) to register. Be sure to include your Minnesota ID number if you send us an email.

## When to charge local tax

As a general rule, charge local sales tax on all sales made in a local taxing area that are subject to Minnesota state sales tax.

- Charge local sales tax to customers from outside the city or county who *pick up* items in the local area for *business or personal use*, even if the items are taken out of the local area.
- Charge local sales tax to customers from outside the local area if you perform taxable services in the local area. For example, charge local tax if you perform a car wash or deliver dry cleaned items in an area with a local tax.

## Exemptions

Do not charge local sales tax on sales of taxable items when:

- your customer gives you a fully completed Certificate of Exemption, Form ST3, for state sales tax;
- you ship or deliver the items to your customer outside the local area; or
- you sell *direct-to-home* satellite (DBS) services (not cable). These services are subject to state sales tax, but *not* local sales tax. This is a federal preemption from the Telecommunications Act of 1996.

Federal government agencies are exempt from state and local sales and use taxes.

**Minnesota state agencies** have Direct Pay authorization when buying *tangible items*, which means that they do not pay sales tax to the seller—they pay use tax directly to the state. However, the Direct Pay authorization does not apply to purchases of services, meals, lodging, admissions or purchases of motor vehicles, so state agencies must pay state and local sales taxes to the seller on these purchases.

**Local governments do not pay local sales or use tax.** Local governments including cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and governmental boards are not required to pay general local sales taxes. No exemption certificate is necessary. However, *state* sales tax and *special local* taxes generally apply.

See Fact Sheet 142, Sales to Governments, for more information.

## Vehicle leases

**Long-term leases:** If you enter into a long term lease for a vehicle that is principally based or garaged in an area with local sales tax, local sales tax applies. The local tax applies even if the leasing company is located outside the city or county. If the lease is for a vehicle that requires an up-front payment of state sales tax,

local tax is also due up-front, if the vehicle is principally garaged in the local area.

**Short-term rentals:** Vehicles leased or rented under agreements for less than 29 days are subject to local tax if the lease agreement is entered into in the local taxing area, even if the lessee intends to use the vehicle outside the city or county.

## Vehicle sales

Local sales tax does not apply to *sales* of motor vehicles. However, \$20 transit improvement vehicle excise tax applies to sales of motor vehicles when the sale occurs in Anoka, Dakota, Hennepin, Ramsey, or Washington County.

Beginning April 1, 2014, a \$20 transit vehicle excise tax also applies to sales of motor vehicles in Beltrami County.

Beginning April 1, 2015, a \$20 transit vehicle excise tax applies to sales of motor vehicles in Carlton and St. Louis Counties.

This excise tax must be collected by any person in the business of selling new or used motor vehicles at retail and must be submitted to the Minnesota Department of Revenue on your Minnesota sales and use tax return.

**Note:** An excise tax of \$20 also applies to sales of vehicles made by dealers located within Baxter, Brainerd, Clearwater, Hutchinson, Mankato, New Ulm, Rochester and Worthington. For more information, contact the city offices directly. The Department of Revenue does not administer the excise tax for these cities.

Motor vehicle means any self-propelled vehicle required to be licensed for road use and any vehicle propelled or drawn by a self-propelled vehicle required to be licensed for road use. It includes, but is not limited to, cars, vans, pickups, trucks, truck-tractors, tractors, trailers, motor homes, and motor cycles.

## Special local taxes

The Minnesota Department of Revenue also administers special local taxes that are imposed in Detroit Lakes, Giants Ridge Recreation Area (city of Biwabik), Mankato, Minneapolis, Rochester, St. Cloud, and St. Paul.

The city of Detroit Lakes imposes a 1 percent Food and Beverage tax. Giants Ridge Recreation Area imposes a 2 percent Admissions and Recreation tax; a 1 percent Food and Beverage tax; and a 2 percent Lodging tax. The city of Mankato imposes a 0.5 percent Food and Beverage tax; and 0.5 percent Entertainment tax. St. Cloud imposes a 1 percent tax on liquor and food sold at restaurants and “places of refreshment” located within the city limits. Minneapolis, Rochester and St. Paul impose various lodging taxes administered by the Department of Revenue. Minneapolis imposes a city wide

3 percent entertainment tax. Special 3 percent restaurant and 3 percent liquor taxes apply in the Minneapolis downtown taxing district.

See sales tax fact sheets 164M, Minneapolis Special Taxes and 164S, Special Local Taxes, for more information about special local taxes administered by the Department of Revenue.

## Lodging taxes

Many Minnesota cities, towns and areas impose a **lodging tax**. Except for the ones listed in the chart, these taxes are **not** administered by the Minnesota Department of Revenue. All questions should be directed to the city or town imposing the tax.

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## Examples of when to charge local tax

*In the examples below, Minnesota state tax always applies. Local tax applies as indicated.*

1. A Minneapolis company sells items to a St. Paul company. The Minneapolis company delivers the items to St. Paul in their own truck. The Minneapolis company is required to collect the St. Paul and the Transit Improvement taxes (not Minneapolis or Hennepin County taxes).
2. A St. Paul company picks up items from a Minneapolis supplier for use in St. Paul. Since the St. Paul company takes possession of the items in Minneapolis, the Minneapolis supplier must collect the Minneapolis, Hennepin County and Transit Improvement taxes.
3. A contractor buys and picks up materials in a city with a local tax for use in an area without a local tax. Since the materials are picked up in the city with a local tax, that city's local sales tax applies. If the materials are delivered by the seller to the construction site, no local tax is due.
4. A North Dakota contractor buys there and pays the North Dakota tax. The materials are brought into Minnesota to be used at a construction site in Bemidji. Bemidji local use tax is due. (Also, since North Dakota's tax rate is lower than Minnesota's rate, the difference is due as Minnesota state use tax.)
5. A person sells at a craft show located in a city with a local tax and customers take possession of the items in that city. Since the sales are being made in a city with a local tax, the seller must collect the local tax. This is true even if the seller is from outside the city.
6. A photographer takes pictures at a site where there is no local tax. The customer picks up the photos at the photographer's studio in a city with a local tax. Local tax is due because the customer takes possession of the photos in a city with a local tax. If the photographer mails the photos to an area with no local tax, no local tax is due.

## ZIP codes

The **sales tax rate calculator** (available on our website) provides the state and local general sales and use tax rates that apply to sales made to specific locations in Minnesota. Just enter the 9-digit ZIP code for the location of the sale, select the period when the sale was made, enter the total amount of the sale (optional) and click the "Submit" button.

The **general** ZIP code area of each local tax is listed in the table below. Unfortunately, ZIP codes do not correspond exactly with city/county limits. To be sure you are getting the correct results for the specific address you are looking up, use the sales tax rate calculator on our web site, and *be sure to use the full 9-digit ZIP code*. If you don't know the 9-digit ZIP code, click on the "ZIP code lookup" link on the calculator. This brings up the United States Postal Service ZIP code lookup function.

Enter the address for the sale and it will give you the correct 9-digit ZIP code to use on the sales tax rate calculator.

A detailed breakdown of ZIP code areas that cross city/county boundaries is available on our website for Albert Lea, Austin, Baxter, Bemidji, Brainerd, Clearwater, Fergus Falls, Hennepin County, Hermantown, Hutchinson, Minneapolis, New Ulm, Owatonna, Proctor, Sartell, Sauk Rapids, St. Augusta, St. Cloud, St. Paul, Transit Improvement, Two Harbors and Worthington.

However, because city boundaries change and new streets are added over time, those listings may not be complete. (ZIP code guides are not available for all areas.)

The table below provides the general ZIP code for each local tax in Minnesota.

Local/Special Tax	General ZIP Code Area	Cities or Towns Where Tax Applies
Albert Lea	56007	Albert Lea
Austin	55912	Austin
Baxter	56425	Baxter
Becker County	56477, 56501, 56502, 56511, 56521, 56544, 56549, 56552, 56554, 56569, 56570, 56575, 56577, 56578, 56589, 56591, 56593, 56585, 56470, 56464, 56572,	<p><b>Cities</b> Audubon, Callaway, Detroit Lakes, Frazee, Lake Park, Ogema, Wolf Lake</p> <p><b>Townships</b> Atlanta, Audubon, Burlington, Callaway, Carsonville, Cormorant, Cuba, Detroit, Eagle View, Erie, Evergreen, Forest, Green Valley, Hamden, Height of Land, Holmesville, Lake Eunice, Lake Park, Lake View, Maple Grove, Osage, Pine Point, Riceville, Richwood, Round Lake, Runeberg, Savannah, Shell Lake, Silver Leaf, Spring Creek, Spruce Grove, Sugar Bush, Toad Lake, Two Inlets, Walworth, White Earth, Wolf Lake</p>
Beltrami County	56601, 56619, 56630, 56634, 56644, 56647, 56650, 56663, 56666, 56667, 56670, 56671, 56678, 56683, 56685, 56687, 56727	<p><b>Cities</b> Bemidji, Blackduck, Funkley, Kelliher, Solway, Tenstrike, Turtle River, and Wilton</p> <p><b>Townships</b> Alaska, Battle, Bemidji, Benville, Birch, Buzzle, Cormant, Durand, Eckles, Frohn, Grant Valley, Hagali, Hamre, Hines, Homet, Jones, Kelliher, Lammers, Langor, Lee, Liberty, Maple Ridge, Minnie, Moose Lake, Nebish, Northern, O'Brien, Port Hope, Quiring, Roosevelt, Shooks, Shotley, Spruce Grove, Steenerson, Sugar Bush, Summit, Taylor, Ten Lake, Turtle Lake, Turtle River, Waskish, and Woodrow</p>
Bemidji	56601, 56619	Bemidji
Brainerd	56401	Brainerd
Carlton County	55707, 55718, 55720, 55726, 55733, 55749, 55757, 55767, 55780, 55787, 55797, 55798	<p><b>Cities</b> Barnum, Carlton, Cloquet, Cromwell, Kettle River, Moose Lake, Scanlon, Thomson, Wrenshall, Wright</p> <p><b>Townships</b> Atkinson, Automba, Barnum, Beseman, Blackhoof, Eagle, Holyoke, Kalevala, Lakeview, Mahtowa, Moose Lake, Perch Lake, Silver, Silver Brook, Skelton, Split Rock, Thomson, Twin Lakes, Wrenshall</p>
Clearwater	55320	Clearwater
Cloquet	55720	Cloquet
Cook County	55604-55606, 55612, 55613, 55615.	Grand Marais, Grand Portage, Lutsen, Schroeder, Tofte, and Hovland
Detroit Lakes	56501, 56502	Detroit Lakes
Douglas County	56308, 56309, 56315, 56319, 56326, 56327, 56332, 56334, 56339, 56341, 56343, 56349, 56354, 56355, 56360, 56361, 56385, 56446	<p><b>Cities</b> Alexandria, Brandon, Carlos, Evansville, Forada, Garfield, Kensington, Millerville, Miltona, Nelson, and Osakis</p> <p><b>Townships</b> Alexandria, Belle River, Brandon, Carlos, Evansville, Holmes City, Hudson, Ida, La Grand, Lake Mary, Leaf Valley, Lund, Millerville, Miltona, Moe, Orange, Osakis, Solem, Spruce Hill, and Umess</p>
Duluth	55802-55808, 55810-55812, 55814-55816	Duluth
Fergus Falls	56537	Fergus Falls

<b>Local/Special Tax</b>	<b>General ZIP Code Area</b>	<b>Cities or Towns Where Tax Applies</b>
Fillmore County	55922, 55923, 55935, 55939, 55949, 55954, 55961, 55962, 55965, 55971, 55975, 55990	<p><b>Cities</b> Canton, Chatfield*, Fountain, Harmony, Lanesboro, Mabel, Ostrander, Peterson, Preston, Rushford Village, Rushford, Spring Valley, Whalan, Wykoff</p> <p><b>Townships</b> Amherst, Arendahl, Beaver, Bloomfield, Bristol, Canton, Carimona, Carrolton, Chatfield, Fillmore, Forestville, Fountain, Harmony, Holt, Jordan, Newburg, Norway, Pilot Mound, Preble, Preston, Spring Valley, Sumner, and York</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Fillmore County</p>
Giants Ridge Recreation Area	55708	Biwabik
Hennepin County (see note below table)	55111, 55305, 55311, 55316, 55323, 55327, 55328, 55331, 55340, 55341, 55343-55348, 55356, 55357, 55359, 55361, 55364, 55369, 55373-55375, 55384, 55387, 55388, 55391-55393, 55401-55431, 55435-55447, 55450, 55454, 55455, 55458-55460, 55467, 55470, 55472-55474, 55478-55480, 55483-55488, 55569-55571, 55574, 55576-55579, 55592, 55593, 55595-55599	<p>Bloomington, Brooklyn Center, Brooklyn Park, Champlin, Chanhassen*, Corcoran, Crystal, Dayton*, Deephaven, Eden Prairie, Edina, Excelsior, Fort Snelling, Golden Valley, Greenfield, Greenwood, Hamel, Hanover*, Hassan, Hopkins, Independence, Long Lake, Loretto, Maple Grove, Maple Plain, Medicine Lake, Medina, Minneapolis, Minnetonka, Minnetonka Beach, Minnetrista, Mound, New Hope, Orono, Osseo, Plymouth, Richfield, Robbinsdale, Rockford*, Rogers*, Shorewood, Spring Park, St. Anthony, St. Bonifacius*, St. Louis Park, Tonka Bay, Waconia*, Watertown*, Wayzata, Woodland and Young America*</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Hennepin County</p>
Hermantown	55810, 55811 (both ZIP codes are used by Hermantown and Duluth), 55701	Hermantown
Hutchinson	55350	Hutchinson
Lanesboro	55949	Lanesboro
Mankato	56001-56003, 56006	Mankato
Marshall	56258	Marshall
Medford	55049	Medford
Minneapolis	55401-55419, 55421, 55423, 55430, 55440, 55450, 55454, 55455, 55458-55460, 55467, 55470, 55472-55474, 55478-55480, 55483-55488	Minneapolis
New Ulm	56021, 56073	New Ulm
North Mankato	56003	North Mankato
Olmsted County	55901, 55902, 55903, 55904, 55905, 55906, 55920, 55923, 55929, 55932, 55934, 55940, 55944, 55960, 55963, 55964, 55972, 55976, 55991	<p><b>Cities</b> Byron, Chatfield*, Dover, Eyota, Oronoco, Pine Island*, Rochester, and Stewartville</p> <p><b>Townships</b> Cascade, Dover, Elmira, Eyota, Farmington, Haverhill, High Forest, Kalmar, Marion, New Haven, Orion, Oronoco, Pleasant Grove, Quincy, Rochester, Rock Dell, Salem, and Viola</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Olmsted County</p>
Owatonna	55060	Owatonna
Proctor	55810 (used by Proctor, Duluth and Hermantown)	Proctor



Local/Special Tax	General ZIP Code Area	Cities or Towns Where Tax Applies
Rice County	55018, 55019, 55021, 55046, 55049, 55052, 55053, 55057, 55087, 55088, 55946, 56052, 56069, 56071, 56096	<p><b>Cities</b> Dennison*, Dundas, Faribault, Lonsdale, Morristown, Nerstrand, Northfield*</p> <p><b>Townships</b> Bridgewater, Cannon City, Erin, Forest, Morristown, Northfield, Richland, Shieldsville, Walcott, Warsaw, Webster, Wells, Wheatland and Wheeling</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Rice County</p>
Rochester	55901-55906, 55960, 55976	Rochester
St. Cloud Area	55320, 55353, 55382, 56301-56304, 56372, 56374, 56377, 56379, 56387, 56388, 56393, 56395-56399	St. Cloud, Sartell, Sauk Rapids, St. Augusta, St. Joseph, Waite Park
St. Cloud	56301-56304	St. Cloud
St. Louis County	55758, 55763, 55765, 55766, 55768, 55771, 55772, 55777, 55779, 55781, 55782, 55790, 55791, 55792, 55796, 55798, 55801, 55802, 55803, 55804, 55805, 55808, 55807, 55808, 55810, 55811, 55812, 55814, 55815, 55816, 56649, 56669	<p><b>Cities</b> Aurora, Babbitt, Biwabik, Brookston, Buhl, Chisholm, Cook, Duluth, Ely, Eveleth, Floodwood, Gilbert, Hermantown, Hibbing, Hoyt Lakes, Iron Junction, Kinney, Leonidas, McKinley, Meadowlands, Mountain Iron, Orr, Proctor, Tower, Virginia, Winton</p> <p><b>Townships</b> Alango, Alborn, Aiden, Angora, Arrowhead, Auit, Balkan, Bassett, Beatty, Biwabik, Breitung, Brevator, Camp 5, Canosia, Cedar Valley, Cherry, Clinton, Colvin, Cotton, Crane Lake, Culver, Duluth, Eagles Nest, Ellsburg, Elmer, Embarrass, Fairbanks, Fayal, Field, Fine Lakes, Floodwood, Fredenberg, French, Gnesen, Grand Lake, Great Scott, Greenwood, Halden, Industrial, Kabetogama, Kelsey, Kugler, Lakewood, Lavell, Leiding, Linden Grove, McDavitt, Meadowlands, Midway, Morcom, Morse, Ness, New Independence, Normanna, North Star, Northland, Owens, Pequaywan, Pike, Portage, Prairie Lake, Rice Lake, Sandy, Solway, Stoney Brook, Sturgeon, Toivola, Van Buren, Vermilion Lake, Waasa, White, Willow Valley, Wuori</p>
St. Paul	55101-55109, 55113, 55114, 55116-55119, 55130, 55133, 55145, 55146, 55155, 55164-55166, 55168-55172, 55175, 55199	St. Paul
Steele County	55049, 55060, 55924, 55917, 56026, 56093-6212, 56093-6216, 56093-6217	<p><b>Cities</b> Blooming Prairie (partly in Dodge County), Ellendale, Medford, Owatonna</p> <p><b>Townships</b> Aurora, Berlin, Blooming Prairie, Clinton Falls, Deerfield, Havana, Lemond, Medford, Meriden, Merton, Owatonna, Somerset, Summit</p>
Todd County	56318, 56336, 56347, 56360, 56378, 56382, 56434, 56437, 56438, 56440, 56443, 56446, 56453, 56466, 56475, 56479	<p><b>Cities</b> Bertha, Browerville, Burtrum, Clarissa, Eagle Bend, Grey Eagle, Hewitt, Long Prairie, Osakis*, Staples**, Swanville, and West Union</p> <p><b>Townships</b> Bartlett, Bertha, Birchdale, Bruce, Burleene, Burnhamville, Eagle Valley, Fawn Lake, Germania, Gordon, Grey Eagle, Hartford, Iona, Kandota, Leslie, Little Elk, Little Sauk, Long Prairie, Moran, Reynolds, Round Prairie, Staples, Stowe Prairie, Turtle Creek, Villard, Ward, West Union, Wykeham</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Todd County</p>
Transit Improvement (see note below table)	Includes counties of Anoka, Dakota, Hennepin, Ramsey, and Washington. See our website for specific cities and ZIP codes in the transit tax area.	
Two Harbors	55616	Two Harbors

Local/Special Tax	General ZIP Code Area	Cities or Towns Where Tax Applies
Wadena County	56434, 56464, 56470, 56477, 56479, 56481, 56478, 56482	<p><b>Cities</b> Aldrich, Menahga, Nimrod, Sebeka, Staples*, Verndale, and Wadena</p> <p><b>Townships</b> Aldrich, Blueberry, Bullard, Huntersville, Leaf River, Lyons, Meadow, North Germany, Orton, Red Eye, Rockwood, Shell River, Thomastown, Wadena, and Wing River</p> <p>For cities marked with an asterisk (*) above, part of the ZIP code is outside Wadena County</p>
Willmar	56201	Willmar
Worthington	56187	Worthington

**Note:** Hennepin County and Transit Improvement taxes apply at the Minneapolis-St. Paul International Airport and the Hubert H. Humphrey Airport Terminal.

However, city taxes do not apply at the Minneapolis-St. Paul International Airport, the Hubert H. Humphrey Airport Terminal or the Minnesota State Fairgrounds because they are not within the city limits of Minneapolis or St. Paul.

The Transit Improvement tax applies at the Minnesota State Fairgrounds

**Legal References**

Minnesota Statutes 297A.63, Use Taxes Imposed; Rates  
Minnesota Statutes 297A.95, Coordination of state and local sales tax rates

Minnesota Statutes 297A.98, Local governments exempt from local sales taxes

Minnesota Statutes 297A.99, Local sales taxes

**Other Fact Sheets**

142, Sales to Government

164M, Minneapolis Special Local Taxes

164S, Special Local Taxes

**CITY OF BRAINERD  
LIST OF CANDIDATES  
CITY ELECTION OF NOVEMBER 4, 2014**

I hereby certify that the following is the list of offices and candidates filing for those offices to be included on the ballot for the November 4, 2014 election.

**ALDERMAN-AT-LARGE (4 year term)**

vote for one:

Dolly Matten  
Susan Hilgart

**ALDERMEN SECOND WARD (4 year term)**

vote for one:

Dirk Vanderwerker  
Kelly Bevans

**ALDERMAN FOURTH WARD (4 year term)**

vote for one:

Gabe Johnson  
Dale Parks

**MAYOR (4 year term)**

vote for one:

Guy Green  
James E. Wallin

**CITY BALLOT QUESTIONS**

**CIP BOND ISSUE**

Shall the City of Brainerd be authorized to issue its general obligation bonds in an amount not to exceed \$1,130,000 to provide funds to finance the following capital improvements: HVAC upgrade at City Hall, Police, and Fire Stations; salt and sand storage building for the Public Works Facility; emergency preparedness upgrades at the Public Safety Facility; and repair and renovation of the City Hall, including repair to the entry stair and a façade update?

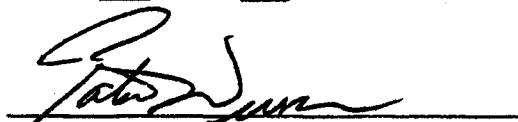
Yes     No

**BY VOTING "YES" ON THE BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.**

**LOCAL OPTION SALES TAX**

Shall the City of Brainerd be authorized to extend an existing sales and use tax of one-half of one percent (0.5%), with the revenues raised from such tax used solely to finance (1) an upgraded waste treatment facility jointly serving the cities of Brainerd and Baxter; (2) with any funds not needed for waste treatment facility improvements, water infrastructure improvements; and (3) with any funds not needed for waste treatment or water infrastructure improvements, trail improvements? An affirmative vote would extend the tax for an additional 18 years or until an additional \$15,000,000 above the amount originally authorized to pay for \$22,030,000 in wastewater treatment facility bonds is raised.

Yes     No



Patrick Wussow  
City Administrator  
October 29, 2014

## Brainerd 0.5% Sales and Use Tax

Beginning April 1, 2007, the city of Brainerd will have a one half of one percent sales and use tax that will be administered by the Minnesota Department of Revenue. The tax will be used to fund the costs of constructing upgraded water and wastewater treatment facilities, water infrastructure improvements, and trail development.

The *sales tax* applies to retail sales made within the city limits of Brainerd. The *use tax* applies to taxable items used in Brainerd if the local sales tax was not paid. The tax applies to the same items that are taxable under the Minnesota sales and use tax law.

**Vehicle sales.** The Brainerd sales and use tax does not apply to *sales* of motor vehicles registered for road use. However, an excise tax of \$20 applies to sales of vehicles made by dealers located within the city of Brainerd. Contact the city of Brainerd about the \$20 tax, since they administer this tax. For leased vehicles, see "Leases" on the next page.

Fact Sheet 164, Local Sales and Use Taxes, contains more information and is available on our web site.

### Who must be registered

All retailers who are registered to collect Minnesota sales tax and are doing business in Brainerd must be registered to collect the Brainerd city tax. This includes sellers outside Brainerd who:

- have an office, distribution, sales, sample, or warehouse location, or other place of business in Brainerd either directly or by a subsidiary;
- have a representative, agent, salesperson, canvasser, or solicitor in Brainerd, either on a permanent or temporary basis, who operates under the authority of the retailer or its subsidiary for any purpose, such as repairing, selling, installing, or soliciting orders for the retailer's taxable goods or services, or leasing tangible personal property in Brainerd;
- ship or deliver tangible personal property into Brainerd; or
- perform taxable services in Brainerd.

### How to register and report Brainerd tax

To register for Brainerd tax:

- Log into e-FILE Minnesota. Click on "Update business information" on the Main Menu page. Click on the "Sales and use tax" link in the left sidebar. Click "Continue" to advance to the "Additional taxes" page and add Brainerd tax.

- If you file over the internet, you may register for the Brainerd tax on-line when you file your April sales tax return. On the "File a return" page, click "Add a sales tax type" and check the box for Brainerd tax (before you enter your figures).
- If you file by phone, you must register for local tax *before* you file your return. Call 651-282-5225 or e-mail us at [salesuse.tax@state.mn.us](mailto:salesuse.tax@state.mn.us) to register. Be sure to include your MN ID number if you send us an e-mail.

Brainerd sales and use tax is reported at the same time you report your Minnesota sales and use tax, but the figures are reported separately.

### Use tax

Brainerd use tax applies when you are located in Brainerd and you buy items or services without paying Brainerd sales tax to the vendor. Use tax is similar to the sales tax and the rates are identical. It is based on your cost of taxable purchases. Common examples of use tax are:

- You buy items over the internet, by phone, or from any business and the seller doesn't charge Brainerd sales tax, and you use the item for business or personal use in Brainerd.
- You buy items for resale at your business, then remove some of the items from inventory for business or personal use in Brainerd.

### Figuring the tax

To figure the tax, combine the state sales tax rate (6.5 percent) and the Brainerd rate (0.5 percent), apply the combined rate (7 percent) to the sales price and round to the nearest full cent. A 7 percent rate chart is available on our website. Paper rate charts are available upon request.

Charge Brainerd sales tax to customers from in or outside the city who *pick up* items in Brainerd for business or personal use, even if the items are taken out of the city.

Charge Brainerd sales tax to customers from in or outside the city if you perform taxable services, such as dry cleaning or car washing, for them in Brainerd.

Do not charge Brainerd sales tax on sales of taxable items to customers outside Brainerd when:

- you deliver the items to them by means of your own vehicle, common carrier, U. S. mail, or parcel post;
- you sell to motor carrier direct pay certificate holders.

## Local governments

Local governments are **not** required to pay local sales taxes. Local governments include cities, towns, counties, instrumentalities, political subdivisions, commissions, special districts and governmental boards. No exemption certificate is necessary. However, state sales tax generally applies.

## Exemption certificates

If your customer gives you a fully completed exemption certificate for state sales tax, you should also use that certificate as proof of exemption from Brainerd sales tax.

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## How to handle transitional sales

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### Tangible items

Brainerd sales tax does not apply to sales of tangible items if you have bona fide written contracts enforceable before April 1, 2007, and the items are delivered on or before June 30, 2007.

### Service contracts

If there is an enforceable contract for taxable services in effect before April 1, 2007 and payment is made before April 1, 2007, Brainerd sales tax does not apply to services provided through June 30, 2007. Beginning July 1, 2007, Brainerd sales tax applies regardless of when the contract was entered into or when payment was made.

### Leases

Brainerd sales tax does not apply to lease payments that include periods before April 1, 2007. It does apply to lease payments for periods beginning April 1, 2007, or after. If the lease is for a vehicle that requires an up-front payment of state sales tax, Brainerd sales tax is also due up front for leases entered into April 1, 2007, or after, if the vehicle is principally garaged in Brainerd.

### Utility sales

Brainerd sales tax does not apply to utility bills that include charges for service for any date before April 1, 2007. It does apply to utility bills for service periods beginning April 1, 2007, or after.

### Admission tickets

If admission tickets are purchased and paid for before April 1, 2007, the Brainerd sales tax does not apply, even if the event occurs April 1, 2007 or after.

### Construction contracts

Brainerd sales tax does not apply to building materials for a lump sum construction contract in force before April 1, 2007, if delivery is made before September 30, 2007. To qualify for the exemption:

- the construction contract must be signed and in force before April 1, 2007;
- the contract must be a bona fide written lump sum or fixed price construction contract (meaning that the contractor is locked into a price for completing the contracted work, with no provision for an increase in the price due to tax increases); and
- the building materials must be used exclusively on the qualifying contract and delivered before September 30, 2007. Purchases delivered after that date are subject to Brainerd sales tax.

**To apply:** the contractor may apply for this exemption by sending a letter with the entire construction contract, or the portion of the contract that includes the items listed below. You may send this via e-mail or by letter to the address below. If you send a letter and the contract is bulky, we recommend that you send the contract portion on a CD or disc.

Documentation must include the contractor's Minnesota tax identification number and the following information from the construction contract:

- the contractor's name and address;
- the owner (the person contracting for the work);
- the name, location of the project, and contract or project number;
- the contract price and payment terms;
- the date of the contract and signatures; and
- a listing of subcontractors with qualifying contracts.

The Department of Revenue will review the documentation and if it qualifies, will send the contractor the ST-8 exemption certificate. The contractor should give copies of the ST-8 exemption certificate to suppliers when purchasing qualifying materials or leasing equipment. The suppliers must keep all exemption certificates. Do not send exemption certificates to the Department of Revenue.

The contractor should also give copies of the ST-8 to their subcontractors for them to give to their suppliers to claim exemption from Brainerd tax on qualifying purchases.

If the contract does not qualify, we will send a letter explaining why it does not qualify.

### Contact our office

**Call:** 651-296-6181  
**Fax:** 651-556-3102  
**E-mail:** salesuse.tax@state.mn.us  
**Write:** Minnesota Revenue  
Corporate and Sales Tax Division  
Mail Station 6330  
St. Paul, MN 55146-6330

## Tax comparison chart for City of Cambridge, Cambridge Township & Isanti Township

Parcel ID Number	Current Tax Capacity	Current Township Tax Rate	Current Township Taxes	Current City Tax Rate	Current City Taxes
05.004.2700	1239	0.25525329650	\$316.26	0.89818991800	\$1,112.86
03.033.0600	990	0.20555831330	\$203.50	0.89818991800	\$889.21
05.004.1000	999	0.25525329650	\$255.00	0.89818991800	\$897.29
05.004.1100	473	0.25525329650	\$120.73	0.89818991800	\$424.84
05.004.0700	824	0.25525329650	\$210.33	0.89818991800	\$740.11
05.004.0800	897	0.25525329650	\$228.96	0.89818991800	\$805.68
05.004.1400	827	0.25525329650	\$211.09	0.89818991800	\$742.80
03.028.6700	879	0.20555831330	\$180.69	0.89818991800	\$789.51
03.028.3000	990	0.20555831330	\$203.50	0.89818991800	\$889.21
03.028.2800	565	0.20555831330	\$116.14	0.89818991800	\$507.48
03.058.0190	1021	0.20555831330	\$209.88	0.89818991800	\$917.05
Cambridge Township Home	1650	0.20555831330	\$339.17	This calculation demonstrates the taxes on a \$165,000 home and how they differ between the City and townships	
Isanti Township Home	1650	0.25525329650	\$421.17		
City of Cambridge Home	1650	0.89818991800	\$1,482.01		

Parcels starting in 03 are Cambridge Township Parcels, Parcels starting in 05 are Isanti Township parcels, and City of Cambridge parcels start with 15

**Please note: Additional taxes are included in property tax statement that are the same regardless if the parcel is in a township or in the City. They are: State, County, School District, ECRDC, and other special levies**

Select Tab:  City/Year  Year/City

[New Search/Refine Sea](#)

City	Year	Value	City Tax	City Tax w/ Credit	Total Tax	Total Tax w/ Credit
Cambridge	2014	150,000	1,162	1,162	2,694	2
Chisago City	2014	150,000	599	599	2,243	2
Isanti	2014	150,000	914	914	2,447	2
Lindstrom	2014	150,000	666	666	2,312	2
Milaca	2014	150,000	1,042	1,042	2,664	2
Mora	2014	150,000	493	493	2,292	2
North Branch	2014	150,000	763	763	2,469	2
Pine City	2014	150,000	695	695	2,094	2
Princeton	2014	150,000	990	990	2,460	2
Rush City	2014	150,000	559	559	2,147	2

## Your LMC Resource

Policy Analysis staff has expertise in the areas of property taxes, state aids, and the state-local fiscal relationship. They are available to answer your questions about the Property Tax Calculator and other League resources on fiscal topics.

Connect with Policy Analysis staff members ([Link to: http://www.lmc.org/page/1/league-staff.jsp](http://www.lmc.org/page/1/league-staff.jsp)) choose "Member Services" under "Department"



145 University Avenue West, St. Paul, MN 55103-2044  
Phone: (651) 281-1200 • (800) 925-1122  
TDD (651) 281-1290  
LMC Fax: (651) 281-1299 • LMCIT Fax: (651) 281-1298  
Web Site: <http://www.lmnc.org>

#5

180H  
General & Special Memo  
January 2, 2001

### Arguments For and Against Having a Municipal Primary

#### For -

- The winning candidate will receive a mandate from the residents by a clear majority of the votes
- With a smaller number of final candidates, it will be easier for voters to learn the candidates' positions and make a better-informed decision
- Reduces expenses for those who want to run for office since some candidates will campaign only through the primary
- Increases public awareness and interest in the elective process.
- Voters who are more educated about the candidates tend to turn out for a primary election.
- Simplifies the ballot and the choices
- Eliminating primaries could be perceived by the voters as taking away one of their rights.

#### Against -

- Additional expense to the city to conduct two elections.
- Limits voter choice by eliminating candidates in a first round of elections
- It extends the period of the election process, resulting in "voter fatigue" and disinterest
- Candidates may be discouraged by the costs involved with a lengthier election campaign
- Candidates may be discouraged from filing or running by greater administrative processes involved in two elections.
- There is a low voter turn-out for primaries, resulting in important decisions being made by only a few people.
- Because there is low voter turnout, one candidate can dominate the election by garnering support from a relatively small group of people.
- Eliminating primaries may favor incumbents, who have name recognition in a crowded field of candidates.

*Prepared for City of Minnetonka/JMB*





# City of Cambridge Long Range Financial Planning Update

July 20, 2015

# Mechanics of Long Range Financial Plan Preparation



- Dept heads provide update of staffing requests, operating costs, and requested capital funding for the next 10 years.
- All bond issues are reviewed to determine adequacy of funding—i.e. are assessments coming in as planned, update estimated tax support as needed.
- All capital requests (includes street projects) are accumulated and potential funding sources are reviewed.
- General Fund Budget for the upcoming fiscal year is fine tuned and becomes year 1 of the ten year plan, includes both revenue and expenditure estimates. Years 2-10 are based on inflationary estimates unless we know of a specific change.
- Tax levy estimates are updated based on proposed capital projects and operating needs.
- Net impact of all changes is reviewed to determine if we will meet fund balance policy requirements for having funds on hand for cash flow purposes and emergencies.



# Levy Change Impact

Levy	Additional \$ Generated	Expected annual impact on \$150,000 Residential Home	Expected annual impact on Small business owner	Expected annual impact on Large business owner
2015 Levy	\$ 4,907,148	\$ -	\$0	\$0
add 1/2%	\$ 4,931,684	\$ 24,536	\$8	\$523
add 1%	\$ 4,956,219	\$ 49,071	\$16	\$1,046
add 1 1/2%	\$ 4,980,755	\$ 73,607	\$24	\$1,569
add 2%	\$ 5,005,291	\$ 98,143	\$32	\$2,092
add 2 1/2 %	\$ 5,029,827	\$ 122,679	\$40	\$2,615
add 3%	\$ 5,054,362	\$ 147,214	\$48	\$3,138
add 3 1/2 %	\$ 5,078,898	\$ 171,750	\$56	\$3,661
add 4%	\$ 5,103,434	\$ 196,286	\$64	\$4,185
add 4 1/2 %	\$ 5,127,970	\$ 220,822	\$72	\$4,708
add 5%	\$ 5,152,505	\$ 245,357	\$80	\$5,231

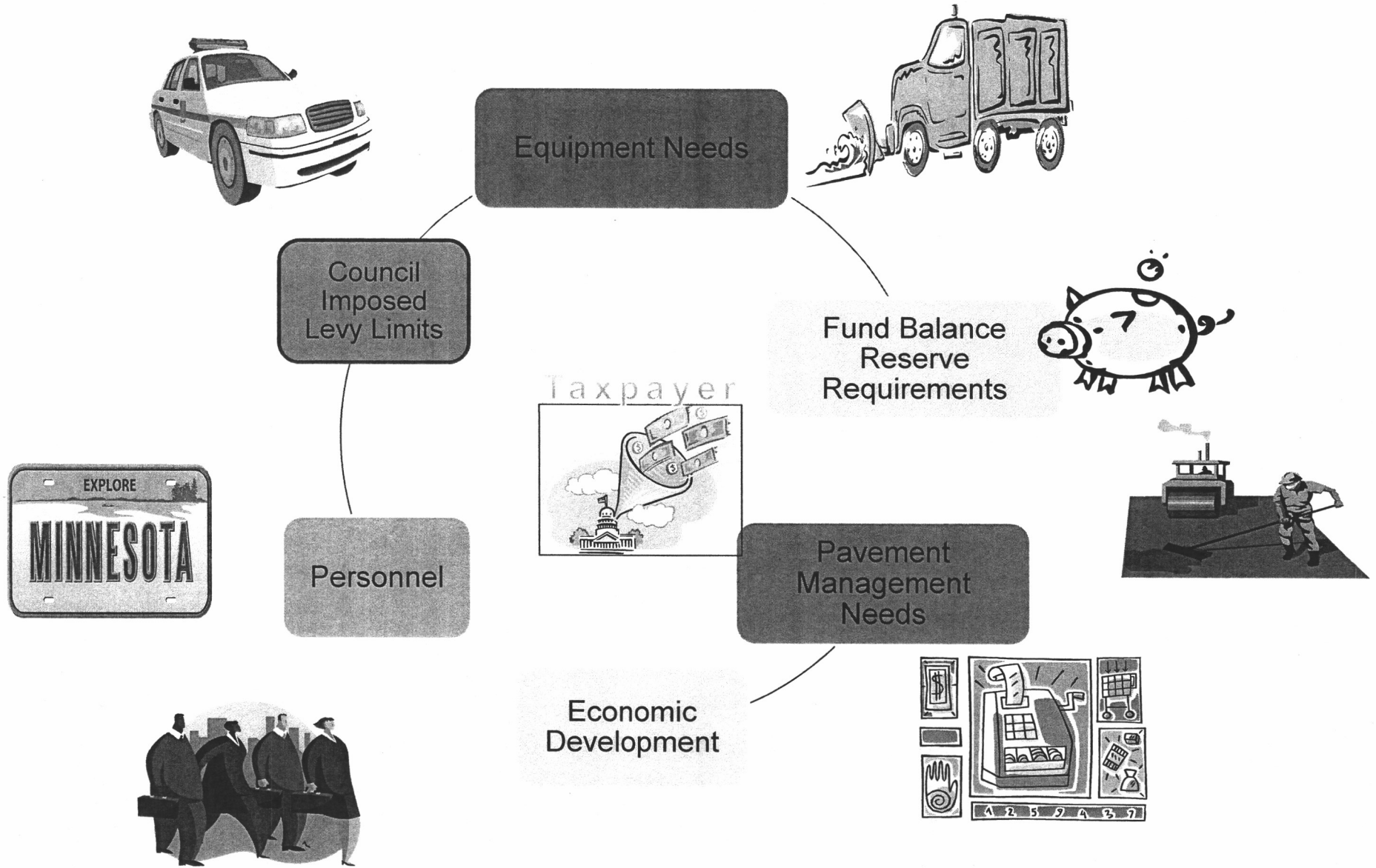
Herman's  
Bakery

Target

Note--even if 0% increase in tax levy passed,  
individual property owners may have increase or decrease  
in taxes due the change in valuation as compared to other properties in the City.

est based on 2015 tax rate	\$1,500	\$1,782	\$116,044
	\$5,443,374	\$5,443,374	\$5,443,374
	tax capacity of property		
	tax capacity of all Cambridge property		Need update from Angie

# What do we have to balance?



Closing the Gap Major Changes made to deliver 1% Levy Increase	June 15 Meeting	Update for July 28 Meeting
Shift comp plan funding to excess 2015 building permit revenues	\$40,000	Staff estimates that by the end of the year based current building projects on the horizon that we exceed Lic & Permit budget by \$90K. We can prefund these two items.
Shift flyover pictures funding to excess 2015 building permit revenues	\$30,000	
Delay funding additional pavement management requests	\$100,000	City Eng & PW staff adjusted long range plans to make this happen.
Delay old MNDOT facility rehab & impound lot for Police Dept (or make sure PD uses 2015 unused funds)	\$20,000	<b>Continue to delay at this time.</b>
Remove funding for replacement of police squad	\$49,000	\$20K of excess building permits available towards restoring this—will work to get this back.
Remove funding for replacement of fire command vehicle (City's share)	\$21,000	<b>Continue to delay at this time.</b>
Change funding mix of replacement for Crosswind Sweeper to reflect \$50K paid for by Stormwater Fund	\$50,000	Put this back in paid by 2015 gen fund—\$50K excess tax \$ on forfeitures in July, not planned.
Other line item changes in all departments	\$40,000	No changes.
Total to close	\$350,000	

# Staff Recommended Preliminary Levy Increase—2%

- While staff has closed most of the budget gap to achieve a 1% increase in levy, we recommend that the Preliminary Levy resolution be passed at 2% in September. See attached estimates for future year increases based on 1% and 2% increases in 2016.
- We can always lower the final levy % but we cannot increase it from the preliminary %.

2016  
10% in tax  
levy

Tax Levy Summary		2014	2015	2016	2017	2018	2019	2020
Fund								
General--operating levy		\$3,981,560	\$4,160,534	\$4,194,463	\$4,262,242	\$4,432,732	\$4,610,041	\$4,794,443
Already Committed Debt Levies:								
2009 Street Debt/2010		115000	115000	115000	104000	77000		
City Hall Debt (340)		384000	389000	394000	399000	399000	399000	399000
Improvement Bonds of 2005 (Xylite constructi		86,603	86,603					
2007 Street Debt		24511	11011					
NE Industrial Park Debt Service		75500		0				
Parkwood Project--help with uncollected asse		32000						
2012 Street Project--start repayment in 2014		145000	145000	145000	145000	145000	145000	145000
Subtotal Committed Debt Levies		862614	746614	654000	648000	621000	544000	544000
Minimum Debt Levy		\$4,844,174	\$4,907,148	\$4,848,463	\$4,910,242	\$5,053,732	\$5,154,041	\$5,338,443
Recommended Future Debt Levies:								
PW Street Garage #2 (10 years @ 4%)--do when City Hall pd								
2015 Street Project--start repayment in 2016				107756	107756	107756	107756	107756
2016 Street Project--start repayment in 2017					112345	112345	112345	112345
2018 Street Project--start repayment in 2019							133099	133099
2020 Street Project--start repayment in 2021								
2022 Street Project--start repayment in 2023								
2024 Street Project--start repayment in 2025								
subtotal		0	0	107,756	220,101	220,101	353,200	353,200
total		\$ 4,844,174	\$ 4,907,148	\$ 4,956,219	\$ 5,130,343	\$ 5,273,833	\$ 5,507,241	\$ 5,691,643
Increase/Decrease \$ over prior year		\$ -	\$ 62,974	\$ 49,071	\$ 174,124	\$ 143,490	\$ 233,408	\$ 184,402
% increase (decrease over prior year)		0.00%	1.30%	1.00%	3.51%	2.80%	4.43%	3.35%



2014  
2.90  
increase  
in tax  
levy

Tax Levy Summary	2014	2015	2016	2017	2018	2019	2020
Fund		1.30%					
General—operating levy	\$3,981,560	\$4,160,534	\$4,244,463	\$4,262,242	\$4,432,732	\$4,560,041	\$4,742,443
Already Committed Debt Levies:							
2009 Street Debt/2010	115000	115000	115000	104000	77000		
City Hall Debt (340)	384000	389000	394000	399000	399000	399000	399000
Improvement Bonds of 2005 (Xylite constructi	86,603	86,603					
2007 Street Debt	24511	11011					
NE Industrial Park Debt Service	75500		0				
Parkwood Project—help with uncollected asse	32000						
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Subtotal Committed Debt Levies	862614	746614	654000	648000	621000	544000	544000
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Recommended Future Debt Levies:							
PW Street Garage #2 (10 years @ 4%)—do when City Hall pd							
2015 Street Project—start repayment in 2016			107756	107756	107756	107756	107756
2016 Street Project—start repayment in 2017				112345	112345	112345	112345
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2024 Street Project—start repayment in 2025							
subtotal	0	0	107,756	220,101	220,101	353,200	353,200
total	\$ 4,844,174	\$ 4,907,148	\$ 5,006,219	\$ 5,130,343	\$ 5,273,833	\$ 5,457,241	\$ 5,639,643
Increase/Decrease \$ over prior year	\$ -	\$ 62,974	\$ 99,071	\$ 124,124	\$ 143,490	\$ 183,408	\$ 182,402
% increase (decrease over prior year)	0.00%	1.30%	2.02%	2.48%	2.80%	3.48%	3.34%

\* 2.90 - easier to manage  
2016 90% ↑ in future  
years .



# Other Staff Recommendations

- As we close out 2015, staff recommends that we pledge a significant amount of any future positive budget variance to reduction of debt funded by tax levy. If we pay off some tax levy debt with one-time positive budget variance, it will be easier to control our future levy increases. (see levy summary)