



## MEMORANDUM

DATE: January 14, 2020

To: Honorable Mayor & City Council

CC: Dave Bennett, Director of Public Works/City Engineer; Monte Nelson, Police Chief; Mitzi Baker, Community Development Director; Deb Little, City Clerk; Michelle Mahowald, Communications & Human Resources Director; Teresa Jensen, Director of Library and Information Technology Resources; Chris Hood, City Attorney

From: Ben Martig, City Administrator

RE: "Supplemental Agenda Background Memo" for January 14, 2020 No.1.

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### Summary Report:

The following is an update on agenda items as supplemental background agenda information made available for Tuesday, January 14, 2020.

#### Agenda Item No. 1.2020 Mill and Overlay Final Plan Discussion

An updated presentation is attached. Please see additional slide 13 and 14. There have been questions with regard to the proposed cycletrack and the minimum widths allowable for travel lanes, parking lanes, buffer, and cycletrack. Slide 13 indicated the minimums and slide 14 the preferred widths from user experience.

Also, attached from a resident is concept widths for bike lanes/cycletrack with using Fourth and Fifth Street as one-way biking.

#### Agenda Item No. 2. Update of Resolution for Request for Local Sales Tax Authorization from the State of Minnesota

A draft presentation for the Update of Resolution for Request for Local Sales Tax Authorization from the State of Minnesota is attached. The final presentation will be sent in a supplemental background agenda by noon on January 14<sup>th</sup>.

# 2020 Mill and Overlay Project

City Council Work Session on Final Plans  
January 14, 2020



## Tonight's Outline

- 7<sup>th</sup> Street Turnaround
- Drainage Improvements
- Tree Removals
- Bikeway Improvements
- Bumpouts
  - Truck Turning Movements

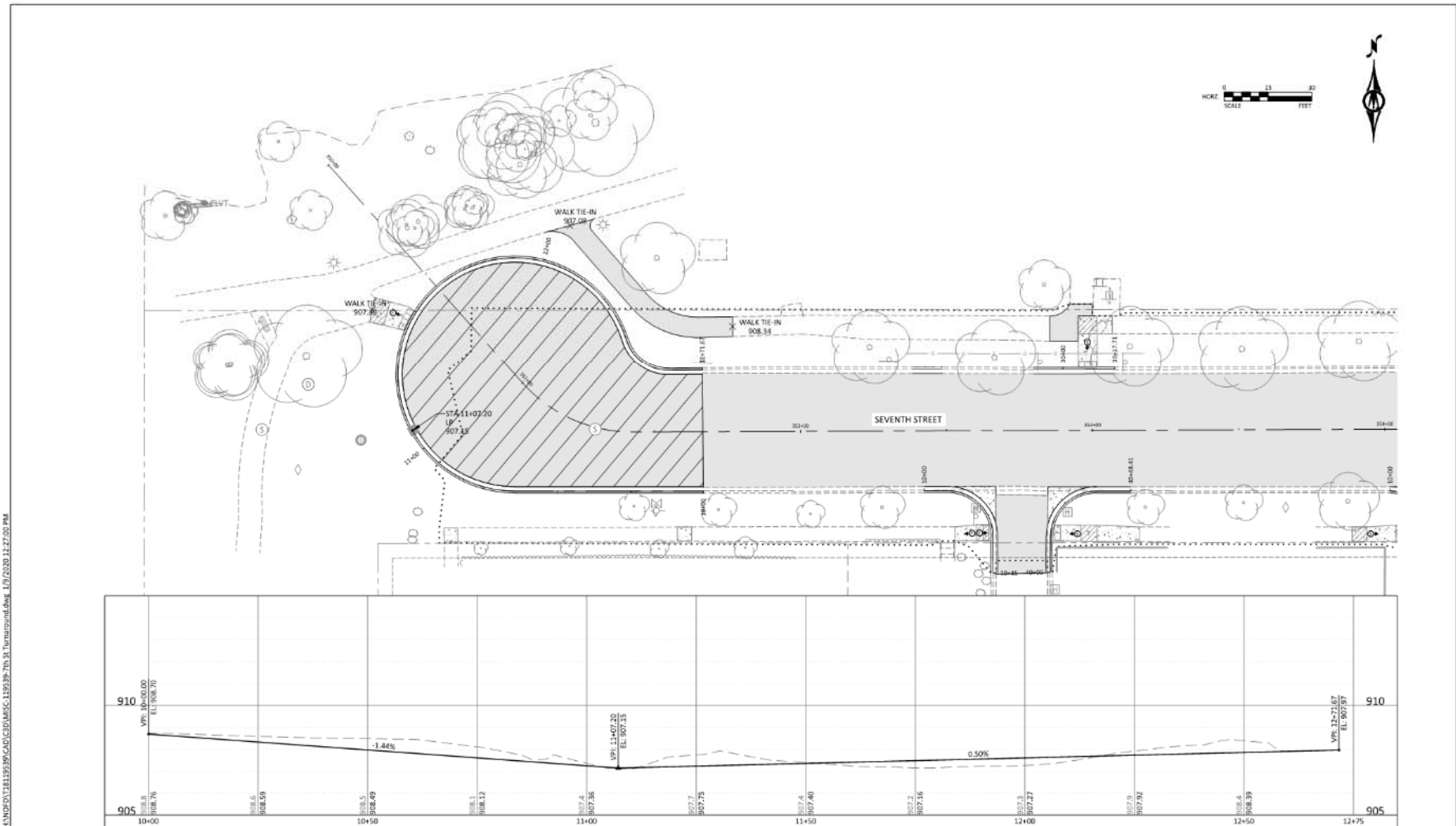




# 7<sup>th</sup> Street Turnaround

2020 Mill & Overlay  
City of Northfield

Figure 4: 7th Street Turnaround  
January 2020

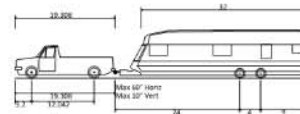




# Turning Movements

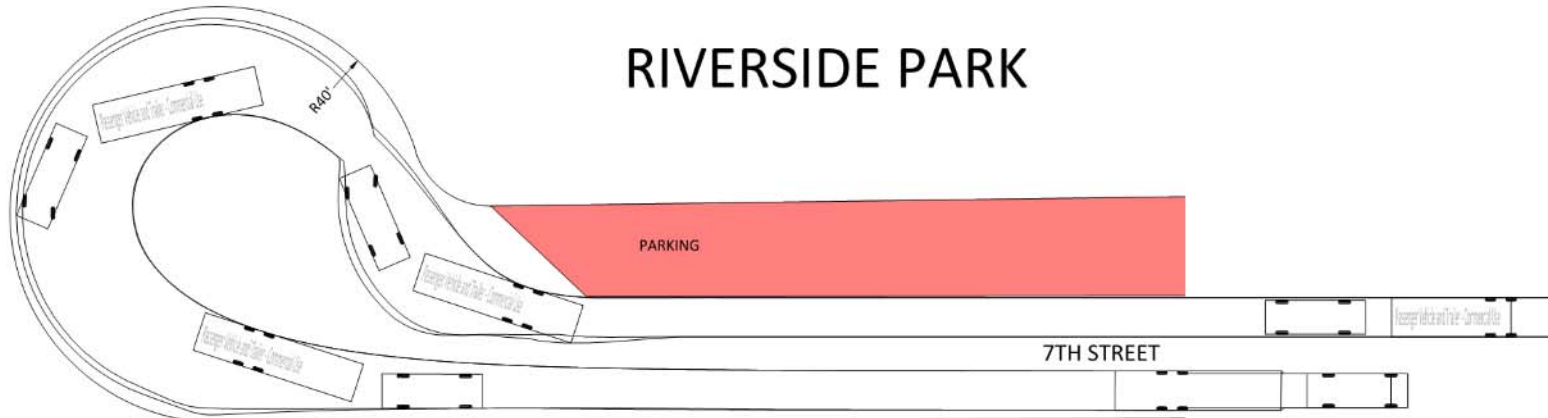
7TH STREET TURNAROUND CUL-DE-SAC 2  
CITY OF NORTHFIELD

PASSENGER VEHICLE & TRAILER TURNING MOVEMENTS  
JANUARY 2020



Passenger Vehicle and Trailer - Commercial Use	
Overall Length	56.30ft
Overall Width	7.50ft
Overall Body Height	9.25ft
Min Body Ground Clearance	0.583ft
Max Track Width	7.539ft
Lock-to-lock time	4.00s
Curb to Curb Turning Radius	23.50ft

## RIVERSIDE PARK



H:\WORK\2017\1159\AC\DESIGN\MISC\1159333 TURNING MOVEMENTS.dwg, 12/20/2019 1:56:32 PM





# Drainage Analysis

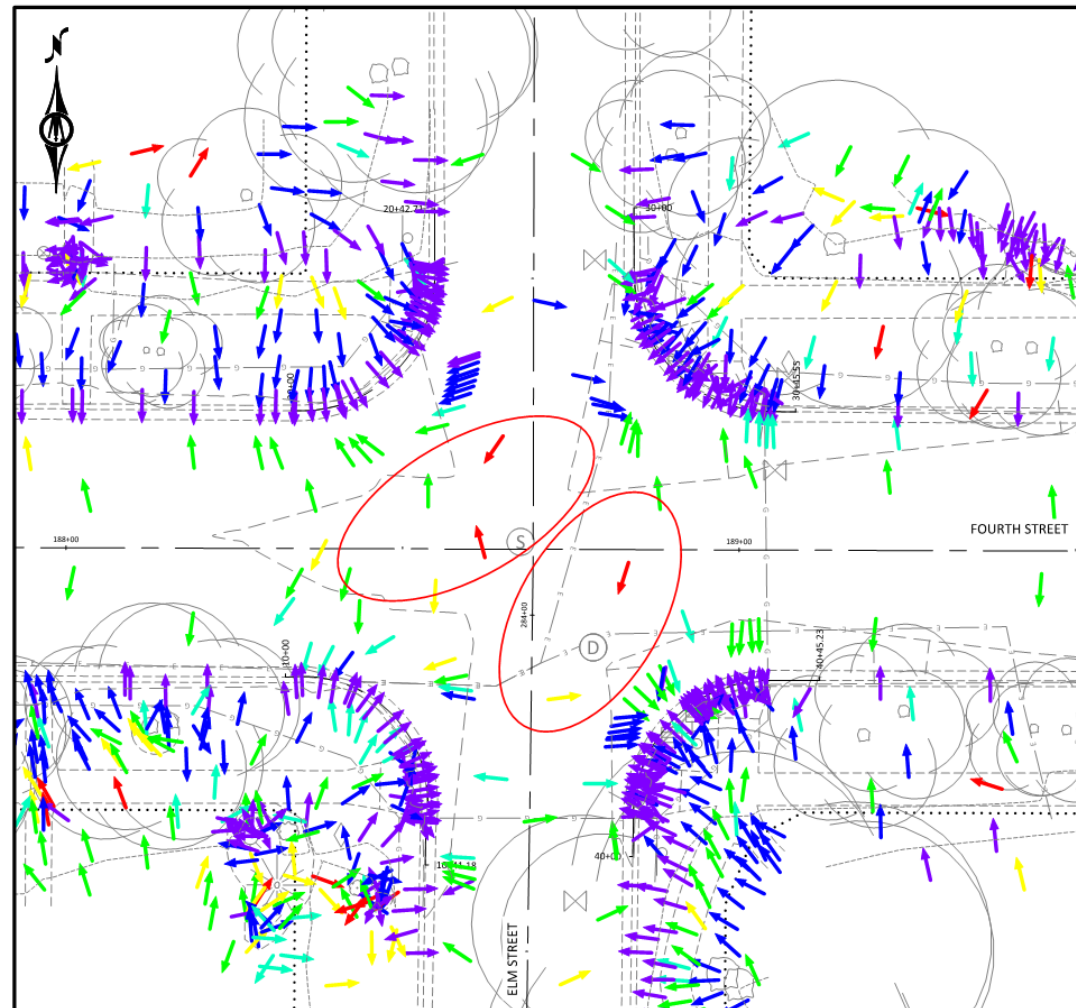
- Paving will correct potholes and flat Cross-Slope roads that hold water by re-establishing the crown in the road
  - The Cross Slope will help drain water to the curb line
- Spot replacement of curb & gutter will correct settlements and cracks that hold water
  - This corrected grade will help drain water to the catch basins
- Catch Basins will be added near existing CB's to improve slow drainage, where possible
- Existing flatter streets will still have slow drainage during freeze/thaw cycles and when leaves build up in the gutters





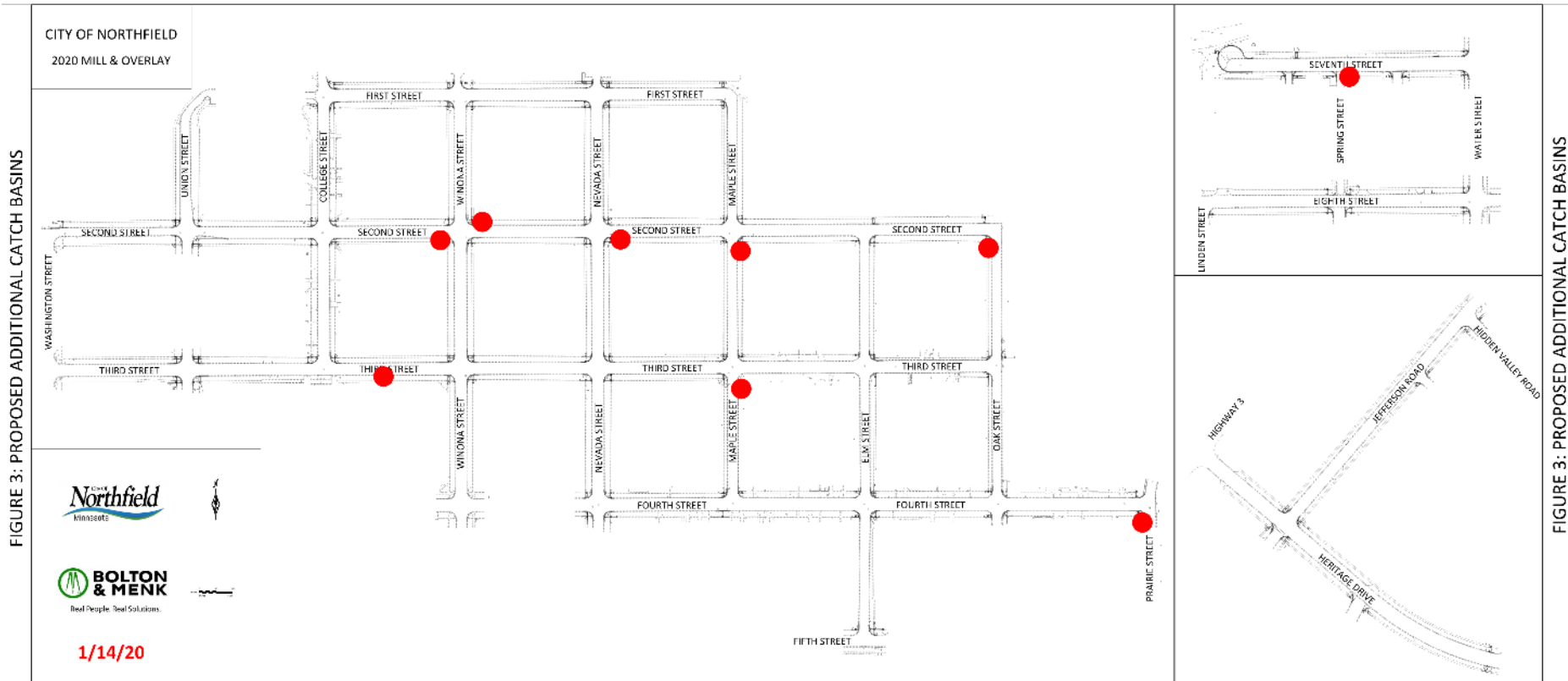
# Example Existing Drainage Issue

-  = <1.0%
-  = 1.0-1.5%
-  = 1.5-3.0%
-  = >3.0%





# Drainage Improvement: Proposed Additional CB's



# Tree Removals

- Tree Removals will take place as part of the project (~110).  
Tree removals are identified by the following criteria:
  - Arborist Recommended removals based on tree condition
  - Ash Trees that have a DBH of 13” & smaller
  - Trees that will be significantly impacted by construction
- See rollout Figure1: Tree Removals of anticipated removals
- New trees will also be planted as part of the project

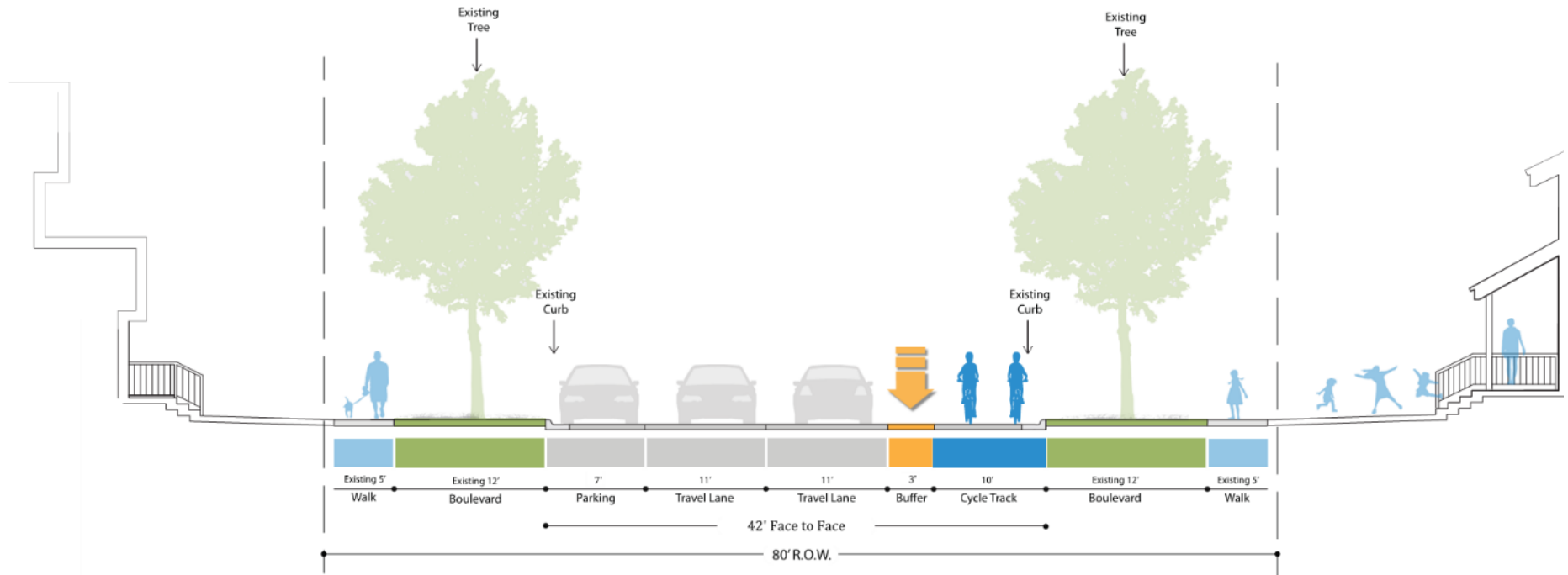


# Bikeway Improvements

- Bike facilities will be implemented with the Mill & Overlay project
  - Locations identified per City of Northfield Pedestrian, Bike, and Trail System Report
  - Design follows City of Northfield Complete Streets Policy
  - Multiple options were considered for each street and Council provided direction on which option to move forward with in design – see Boards for options
- Bikeway additions are only portions of the overall planned bikeway system
- Considerations on how each option will fit and/or transition to existing and future improvements



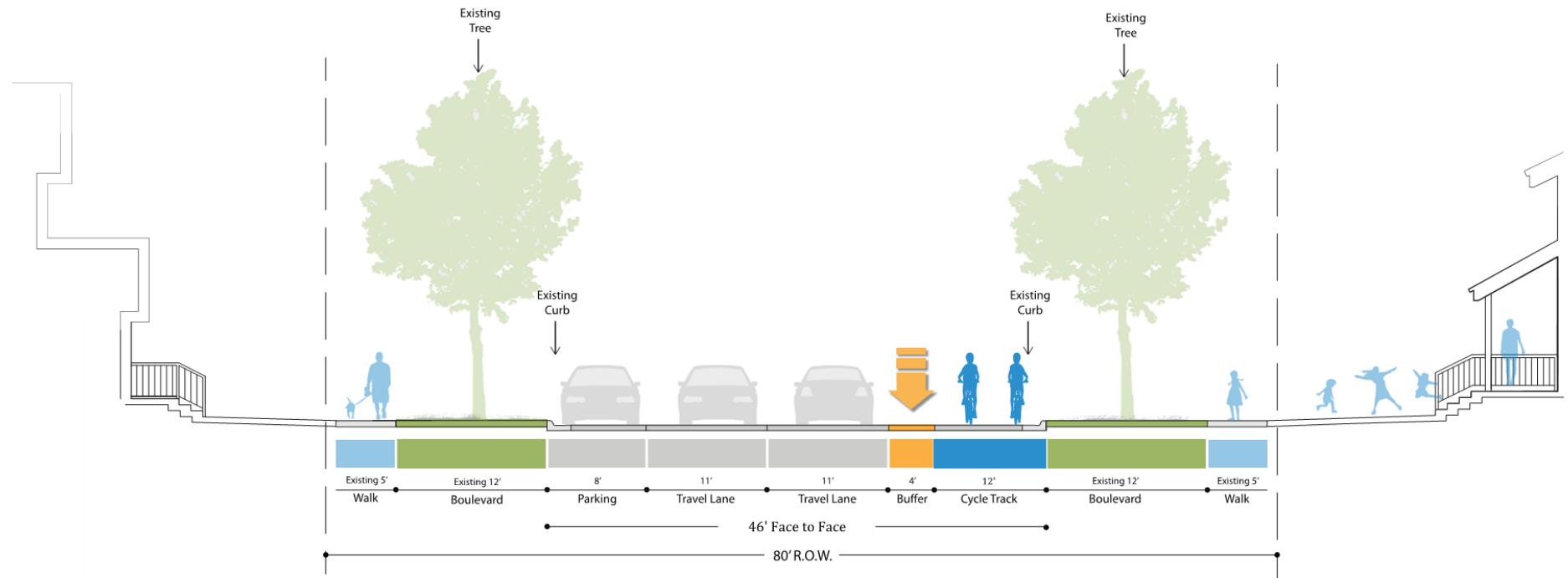
# Minimum Design Width Requirements



TYPICAL SECTION OF THE **MINIMUM** WIDTH ROADWAY TO INCORPORATE A CYCLE TRACK, 2 TRAVEL LANES, AND A PARKING LANE

BASED ON DESIGN STANDARDS FROM THE FOLLOWING SOURCES: NACTO (NATIONAL ASSOCIATION OF CITY TRANSPORTATION OFFICIALS), MnDOT BIKEWAY FACILITY MANUAL, FHWA (FEDERAL HIGHWAY ADMINISTRATION) BIKE DESIGN GUIDE, MUTCD (MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, MnDOT SALT (STATE AID FOR LOCAL TRANSPORTATION), AND MINNESOTA STATUTE 8820

# Desired Design Widths

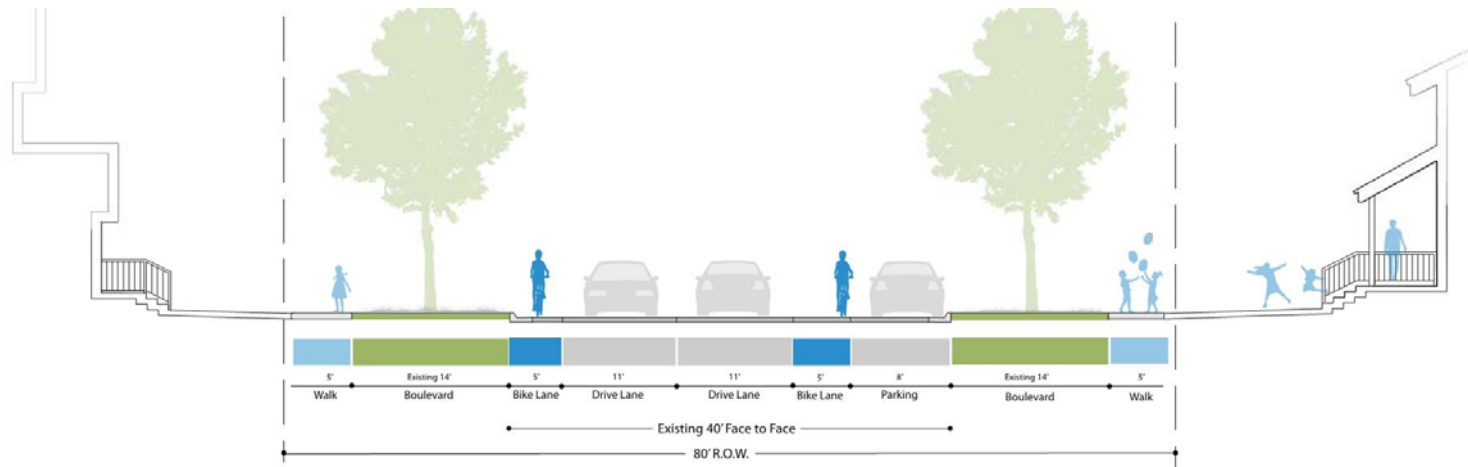


**TYPICAL SECTION OF THE DESIRED WIDTH ROADWAY TO INCORPORATE A CYCLE TRACK, 2 TRAVEL LANES, AND A PARKING LANE**

BASED ON DESIGN STANDARDS FROM THE FOLLOWING SOURCES: NACTO (NATIONAL ASSOCIATION OF CITY TRANSPORTATION OFFICIALS), MnDOT BIKEWAY FACILITY MANUAL, FHWA (FEDERAL HIGHWAY ADMINISTRATION) BIKE DESIGN GUIDE, MUTCD (MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES, MnDOT SALT (STATE AID FOR LOCAL TRANSPORTATION), AND MINNESOTA STATUTE 8820

# Fourth Street Bikeway Improvements

## Nevada Street – Prairie Street



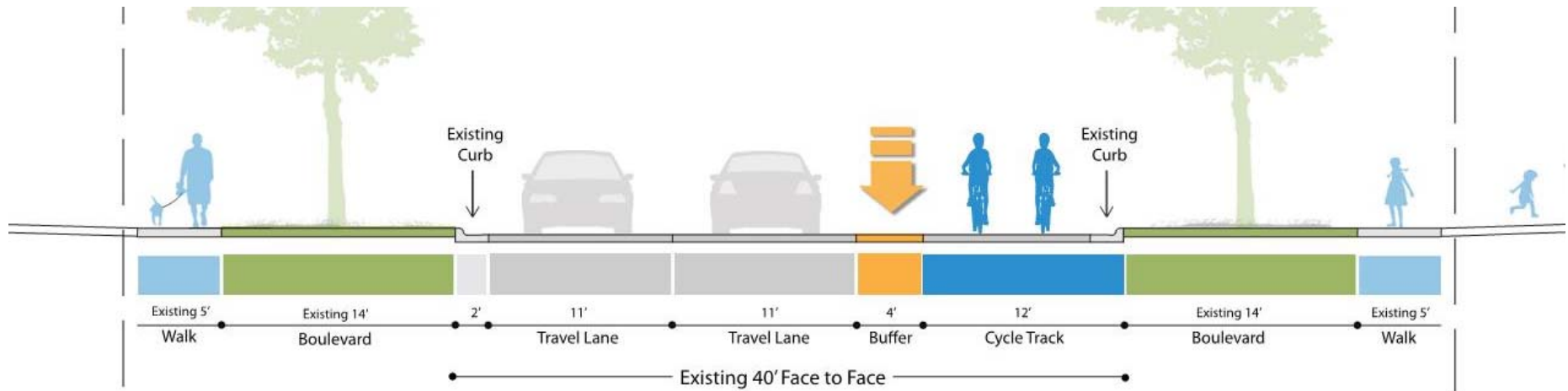
Existing Street Configuration





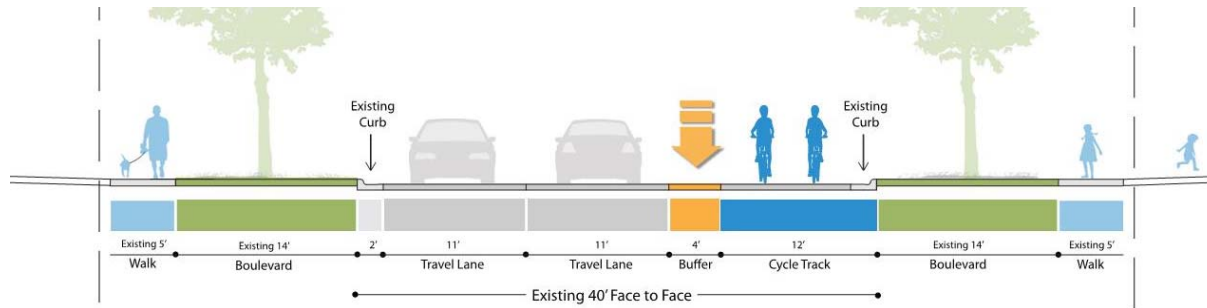
# Fourth Street Bikeway Improvements

- Nevada Street to Prairie Street
- On-Street Cycle Track
  - Fits in Existing Street Footprint
  - Painted Buffer but No Physical Barrier
  - Family-Oriented Bicycle Facility that appeals to wide range of users
  - On-Street Parking for residents will be relocated to adjacent streets



# Fourth Street Bikeway Options

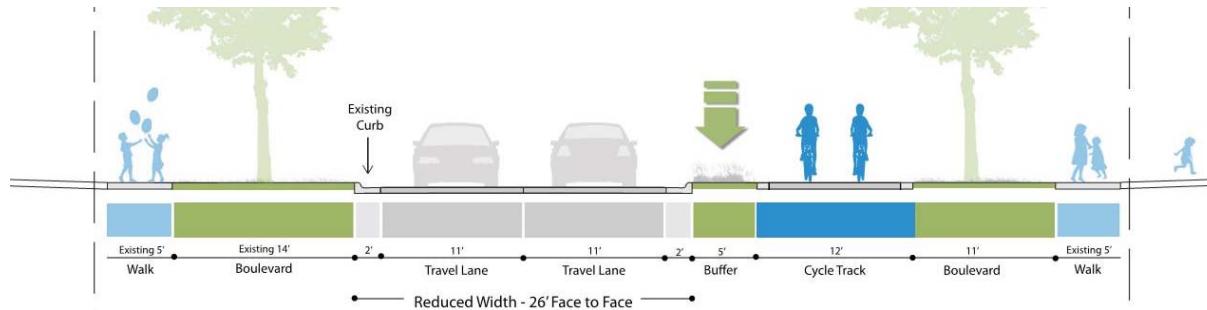
## Nevada Street – Prairie Street



### On-Street Considerations

- Painted buffer space – no physical barrier
- Existing road width remains
- High visibility of cycle track

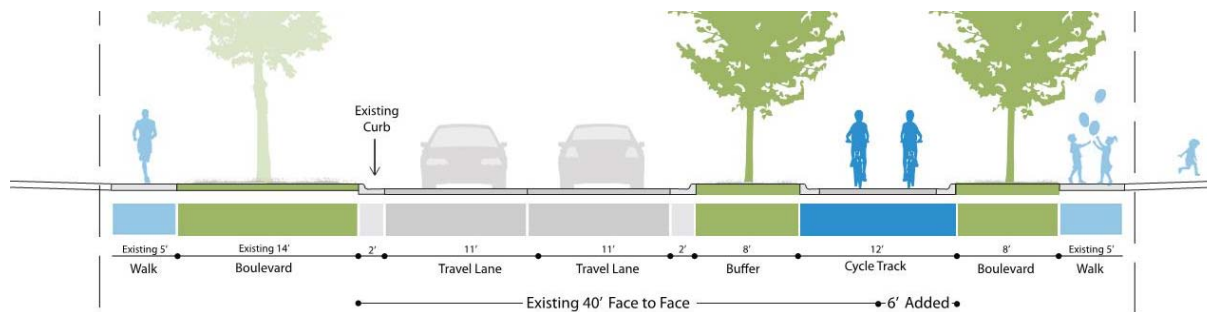
### On-Street Cycle Track - \$



### Raised Cycle Track Considerations

- Reduced road width
- Elevated cycle track separation
- Small snow storage area
- Opportunity for raised street crossings
- Storm relocation

### Raised Cycle Track - \$\$



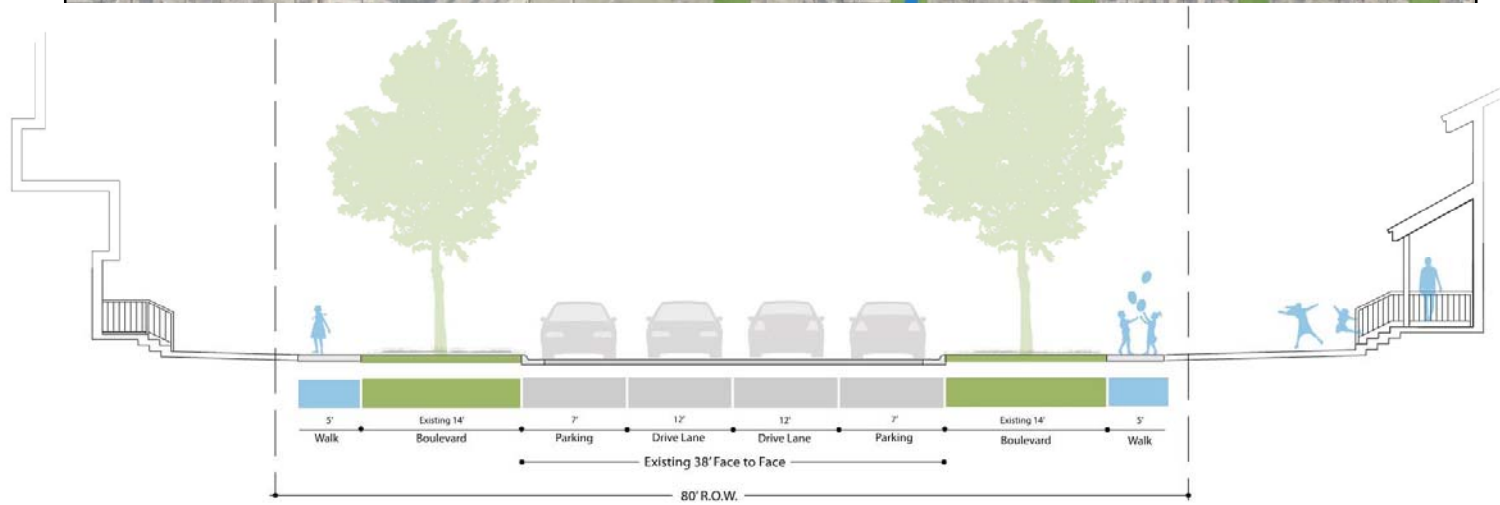
### Raised Buffer Considerations

- Reduced road width
- Storm relocation - stormwater control in buffer
- Larger snow storage area
- New curb on road and bike

### Raised Buffer Cycle Track - \$\$\$

# College Street Bikeway Improvements

## First Street – Third Street

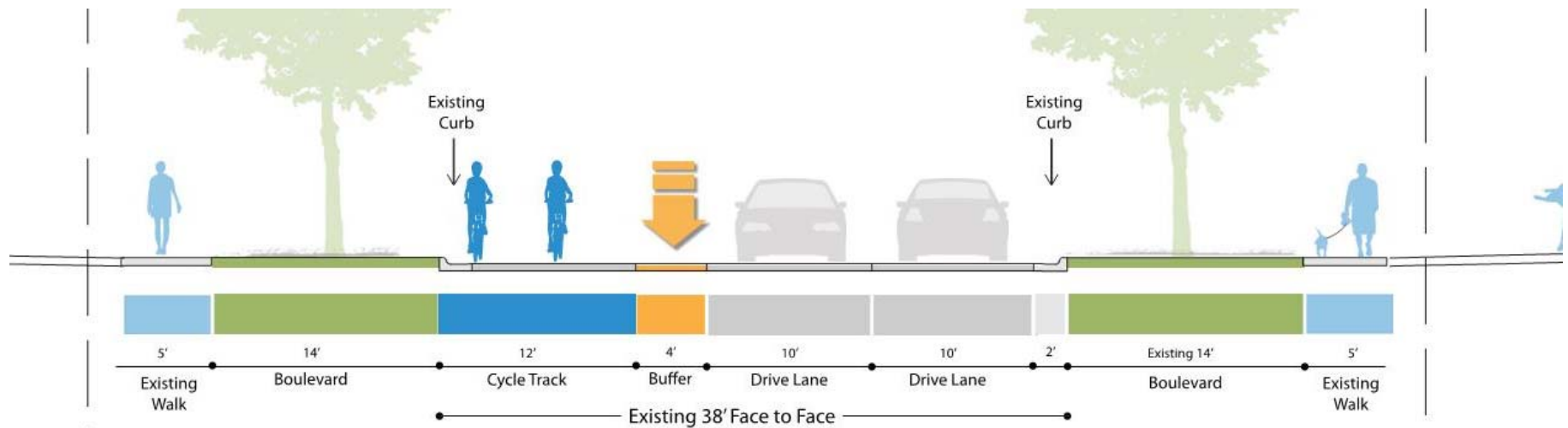


Existing Street Configuration

# College Street Bikeway Improvements

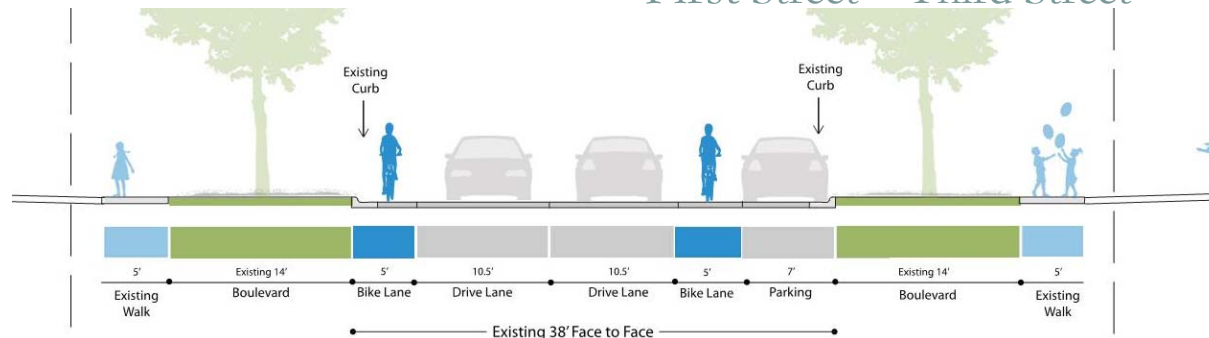
First Street – Third Street

- First Street to Third Street
- On-Street Cycle Track (funded by Carleton College)
  - Fits in Existing Street Footprint
  - Painted Buffer but No Physical Barrier
  - Family-Oriented Bicycle Facility that appeals to wide range of users
  - On-Street Parking for residents will be relocated to adjacent streets



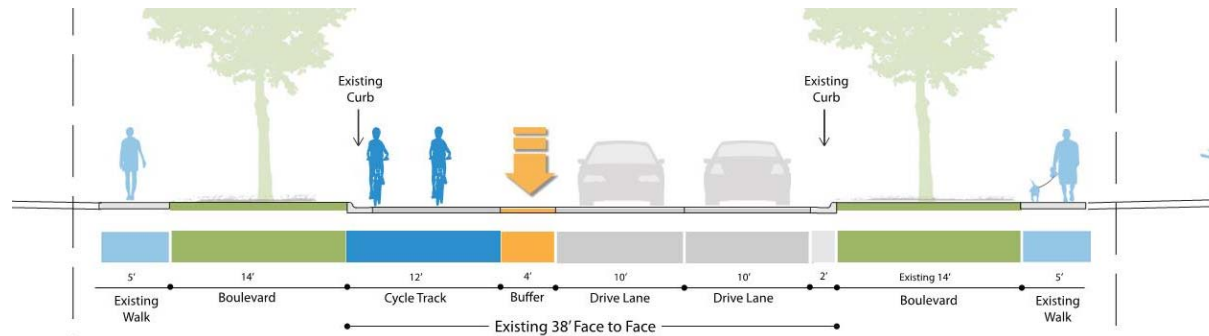
# College Street Bikeway Options

## First Street – Third Street



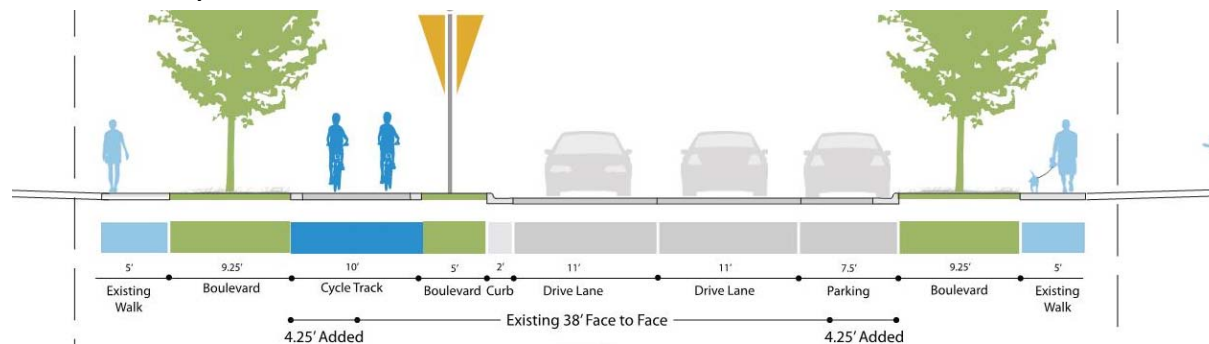
- Bike Lane Considerations**
- Existing road width
  - One side parking
  - Commuter accommodation

### On-Street Bike Lanes - \$



- Cycle Track Considerations**
- Existing road width
  - Painted buffer space – no physical barrier
  - High visibility of cycle track
  - No parking

### On-Street Cycle Track - \$\$

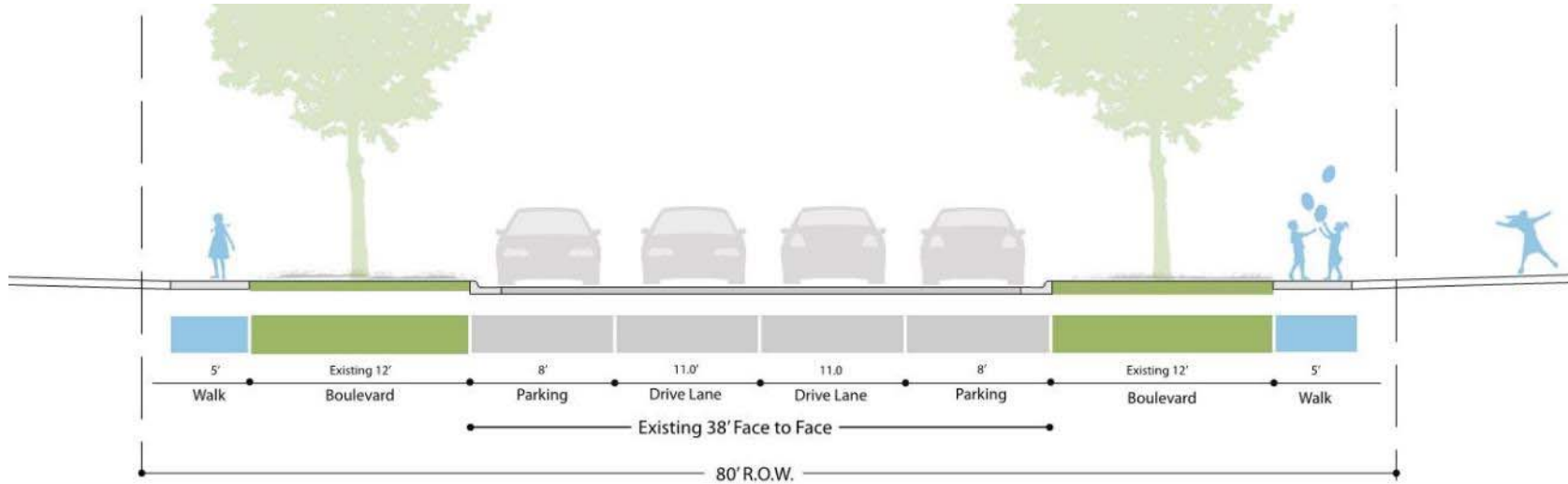


- Raised Cycle Track Considerations**
- Reduced road width – new curb
  - One side parking
  - Snow storage area
  - Additional streetscape options
  - Hydrant/Street Light relocation

### Raised Cycle Track - \$\$\$

# Second Street Bikeway Improvements

Washington Street – Oak Street

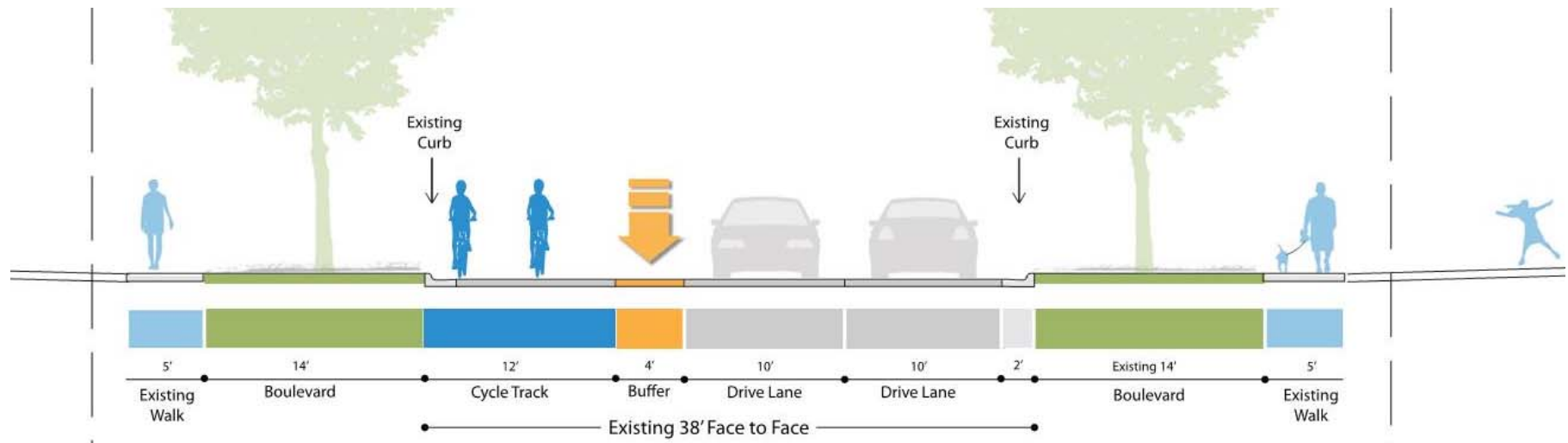


Existing Street Configuration

# Second Street Bikeway Improvements

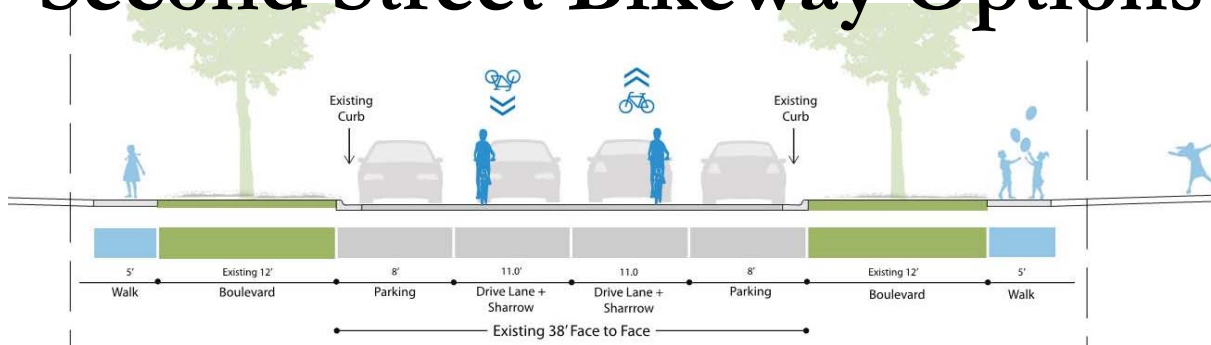
Washington Street – Oak Street

- Washington Street to Oak Street
- On-Street Cycle Track
  - Fits in Existing Street Footprint
  - Painted Buffer but No Physical Barrier
  - Family-Oriented Bicycle Facility that appeals to wide range of users
  - On-Street Parking for residents will be relocated to adjacent streets



Existing Street Configuration

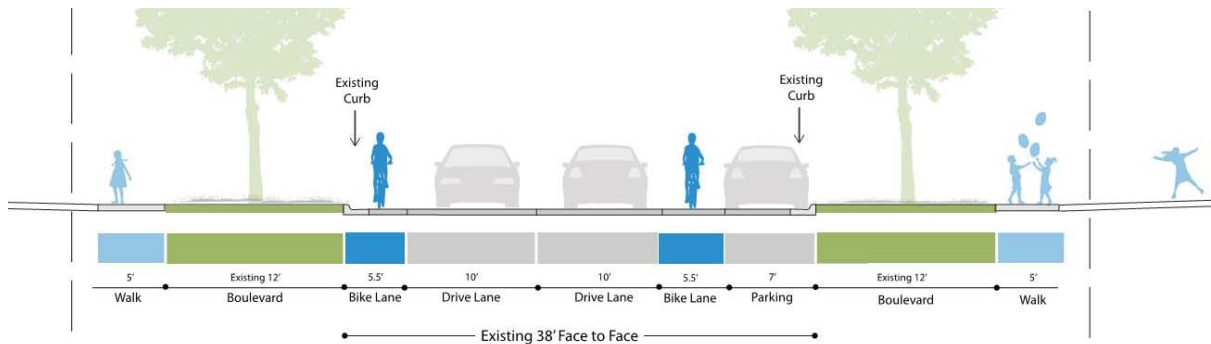
# Second Street Bikeway Options



## Sharrows Considerations

- Existing road width
- Painted symbol for shared lane use
- Parking Remains

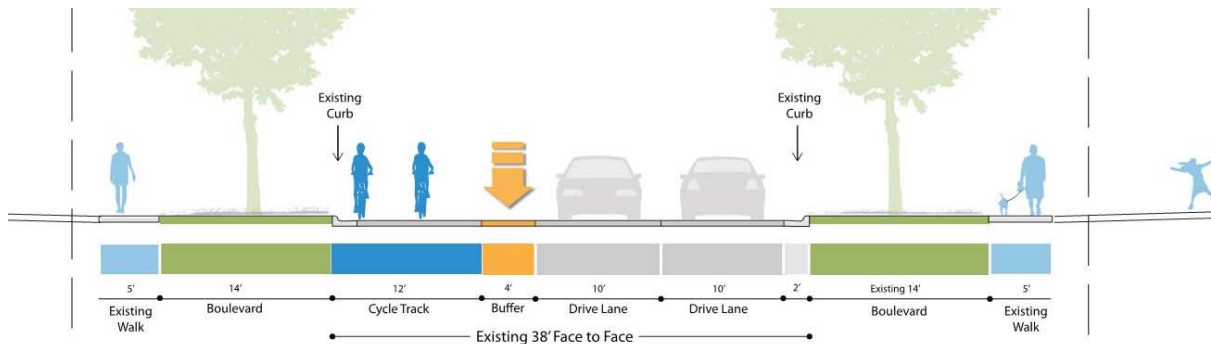
Sharrows - \$



## Bike Lane Considerations

- Existing road width
- No buffer
- One side parking
- Commuter accommodation

On-Street Bike Lanes - \$\$



## Cycle Track Considerations

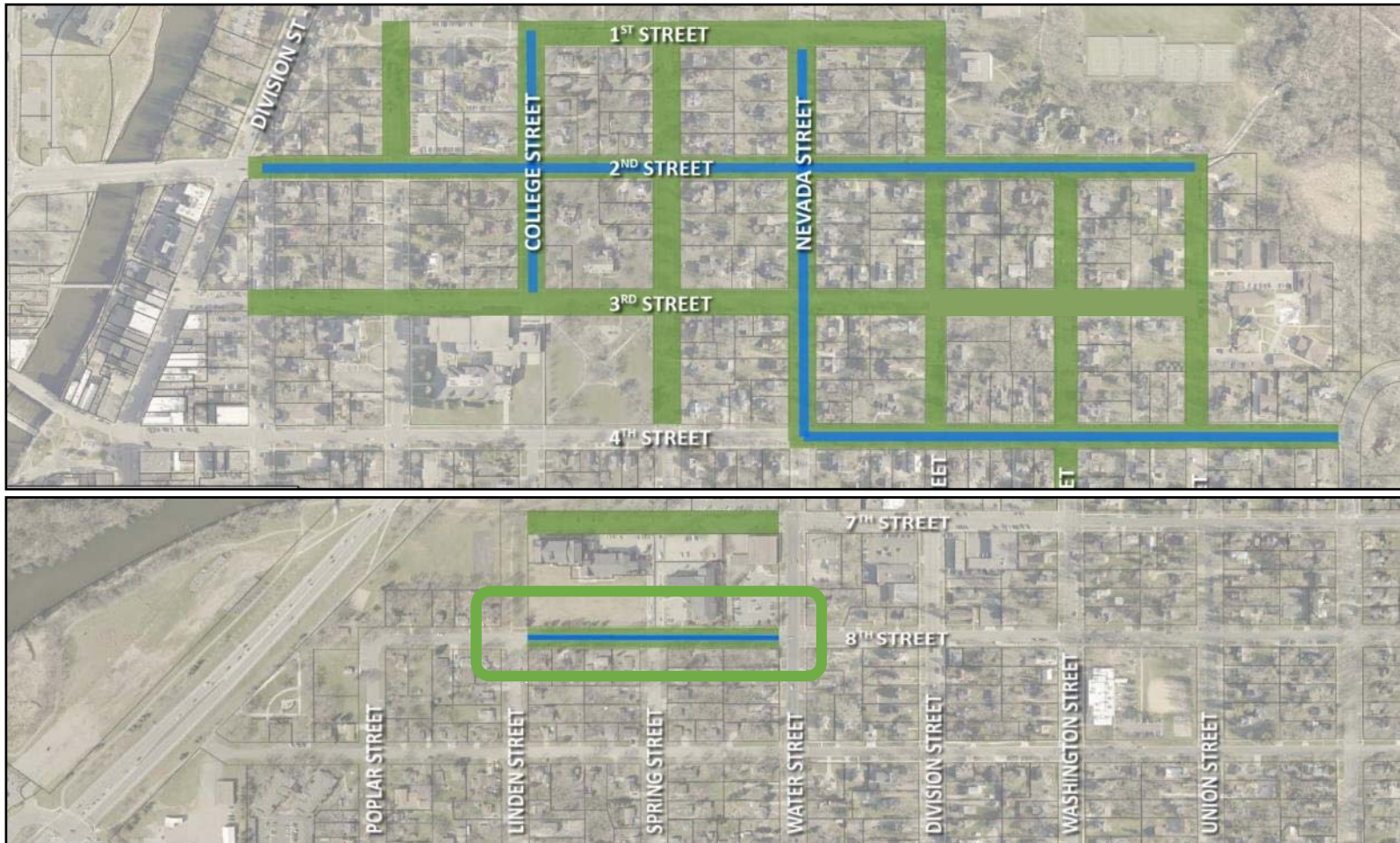
- Existing road width
- Painted buffer space – no physical barrier
- High visibility of cycle track
- No parking

On-Street Cycle Track - \$\$\$



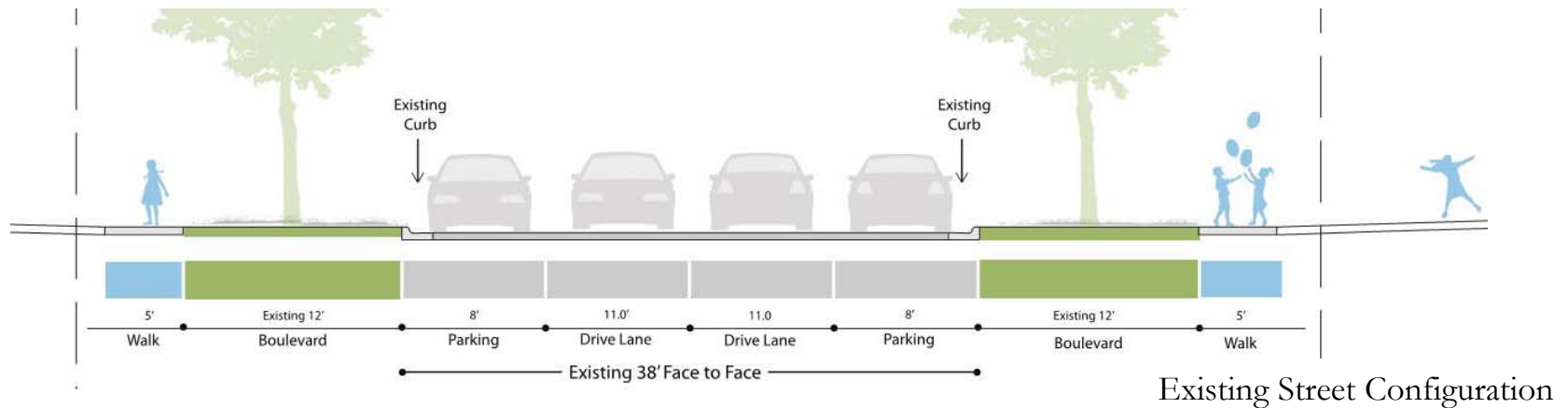
# Nevada & Eighth St. Bikeway Improvements

First Street – Fourth Street  
Linden Street – Water Street



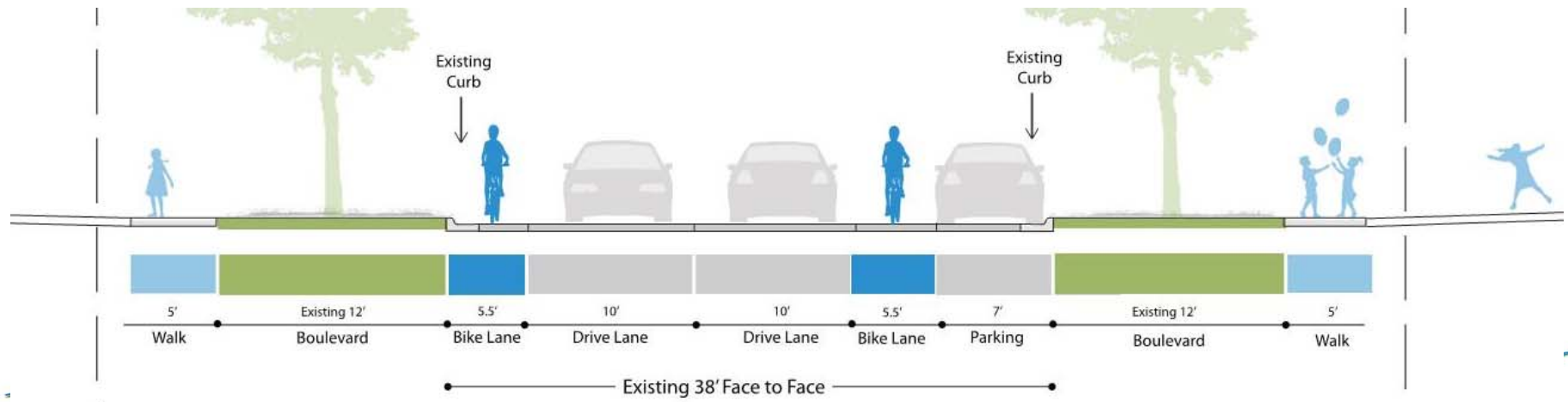
# Nevada & Eighth St. Bikeway Improvements

- First St to Fourth St & Linden St to Water St



- On-Street Bike Lanes

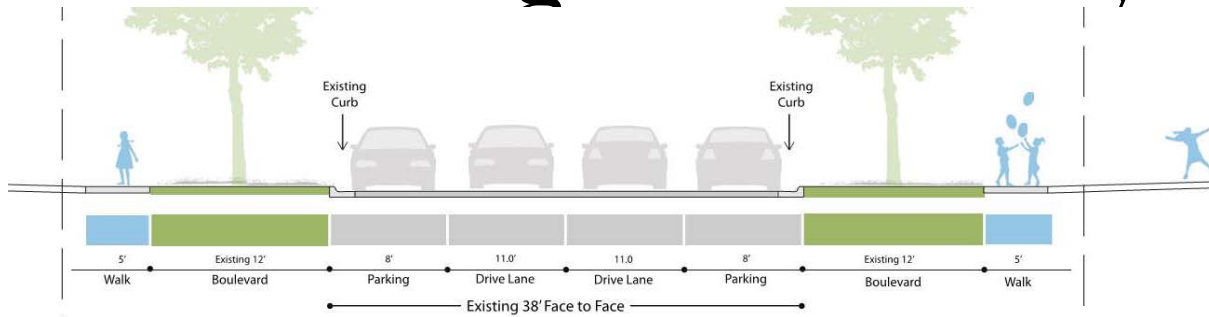
- Fits in Existing Street Footprint, No Buffer, Maintains Parking on One Side



# Nevada & Eighth St. Bikeway Options

## Existing Configuration

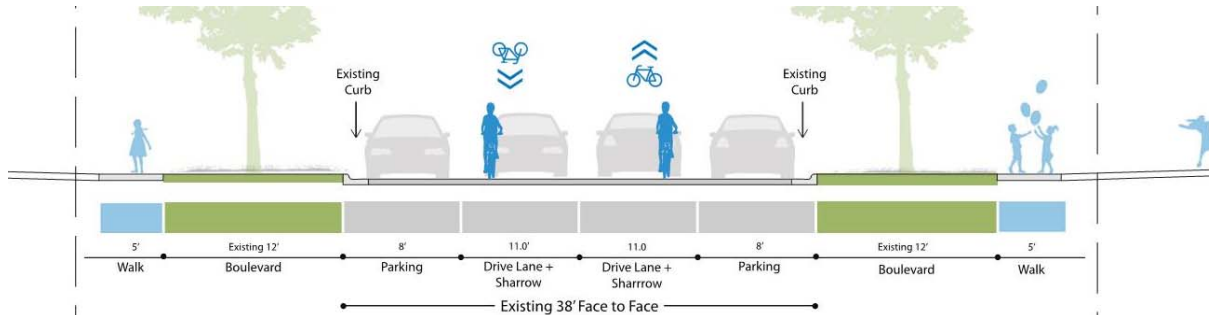
- No Bikes
- Two side parking
- Large Boulevards



Existing Street Configuration

## Sharrows Considerations

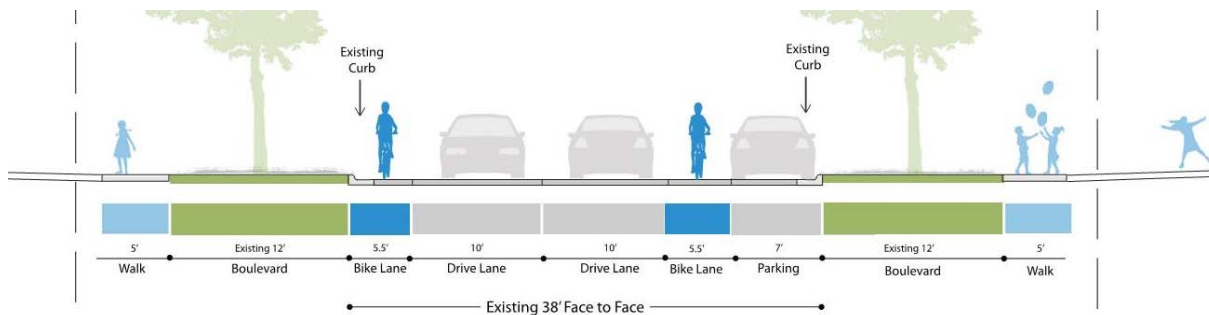
- Existing road width
- Painted symbol for shared lane use
- Parking Remains



Sharrows - \$

## Bike Lane Considerations

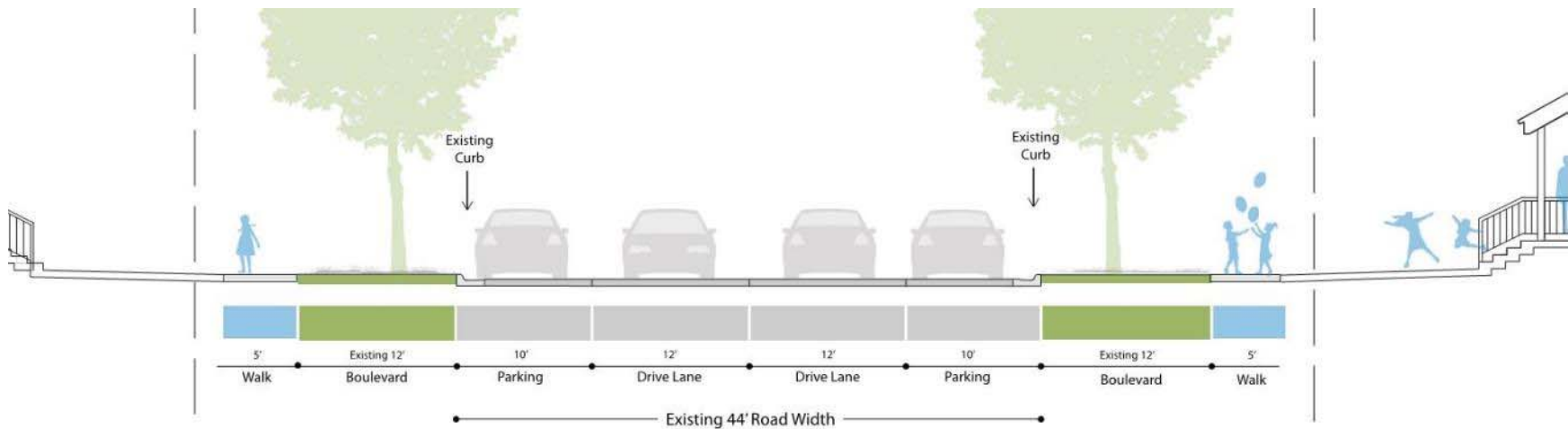
- Existing road width
- No buffer
- One side parking
- Commuter accommodation



On-Street Bike Lanes - \$ \$

# Heritage Drive Bikeway Improvements

Hwy 3 – 500 ft west of Hidden Valley Rd



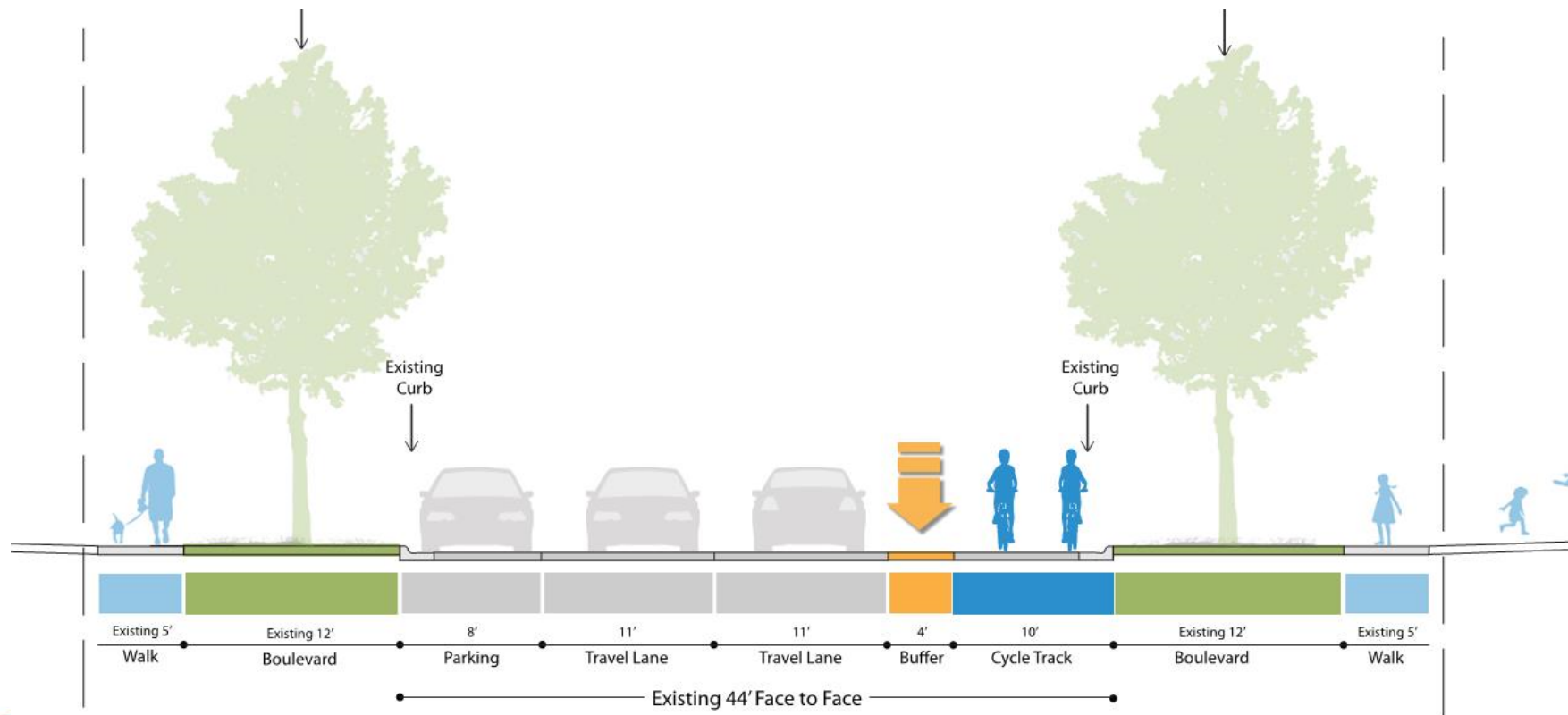
Existing Street Configuration

# Heritage Drive Bikeway Improvements

Hwy 3 – 500 ft west of Hidden Valley Rd

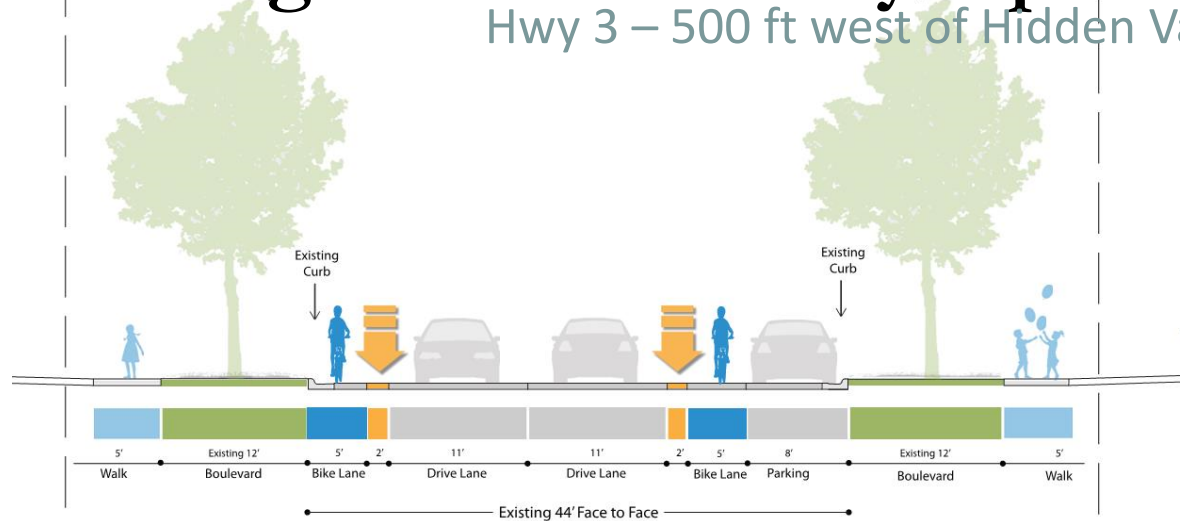
## On-Street Cycle Track

- Fits in Existing Street Footprint
- Painted Buffer but No Physical Barrier
- Maintains Parking on One Side



# Heritage Drive Bikeway Options

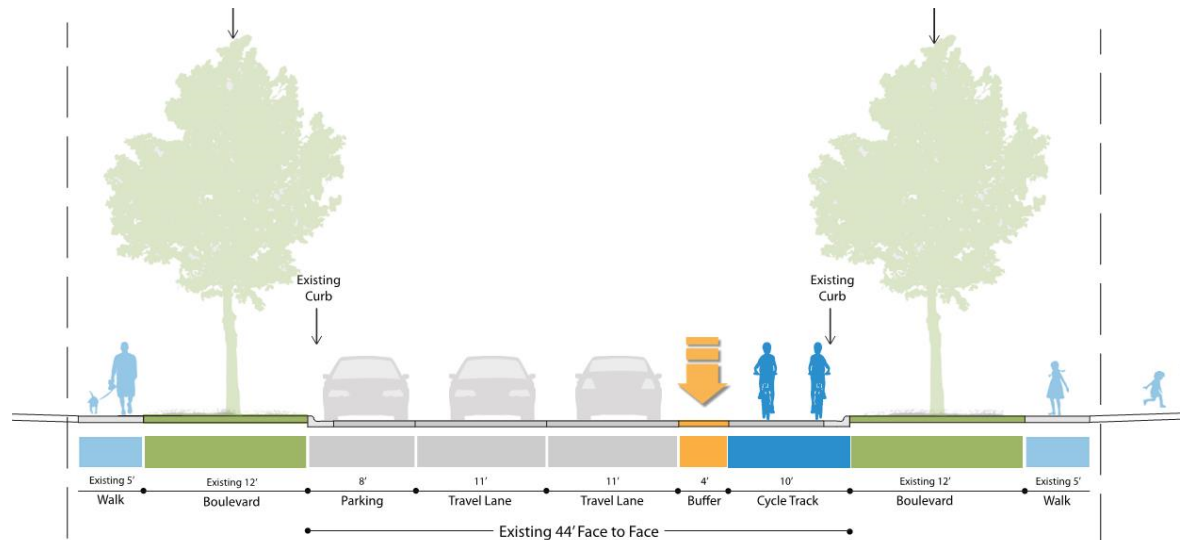
Hwy 3 – 500 ft west of Hidden Valley Rd



## Bike Lane Considerations

- Narrow painted buffer
- One side parking
- Commuter accommodation

## Buffered Bike Lanes - \$



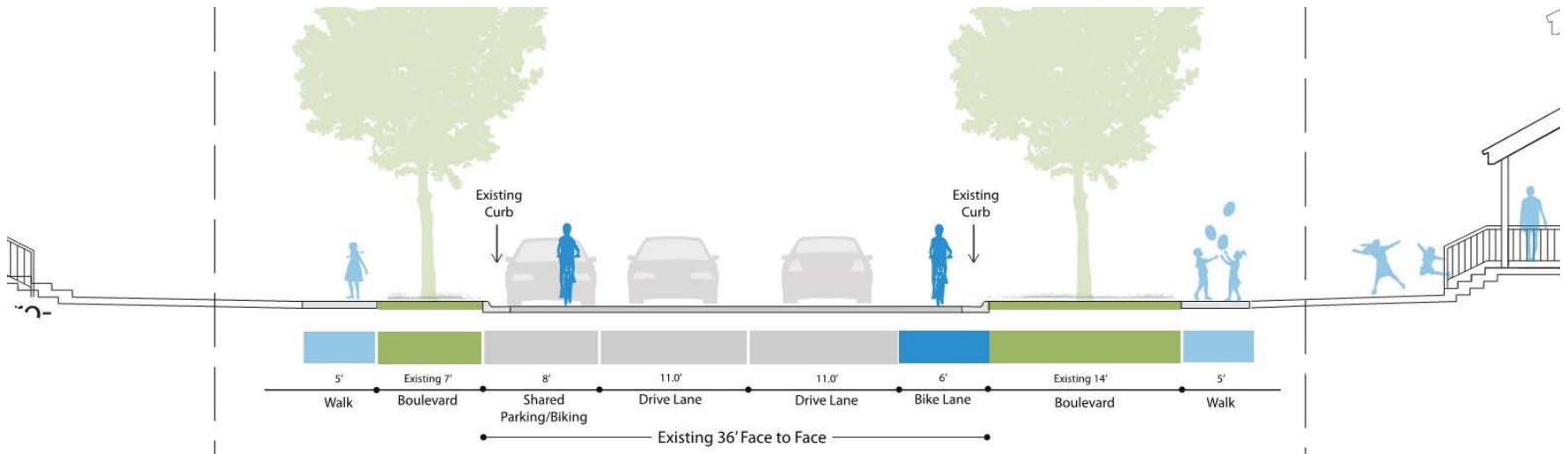
## Cycle Track Considerations

- Painted buffer space – no physical barrier
- High visibility of cycle track
- One side parking
- Option to shift parking to cycle track side for additional protection.

## On-Street Cycle Track - \$\$


# Jefferson Road Bikeway Improvements

## Heritage Drive – Hidden Valley Road



Existing Street Configuration to Remain

## **Pedestrian Bumpout Analysis**

- Bump-outs Increase Pedestrian Safety and Traffic Calming
  - Intersection Crosswalks Pedestrian Flows Observed and Resident/City Council Input Considered to Identify Higher Traffic Areas
  - Limitations - Bikeway Conflicts, Delivery Routes, Street Width, etc.
  - Eliminated: low-density crossings & streets with limitations
  - Prioritized locations near specific destinations based on Origin-Destination trip generation: institutions, schools, parks, high children crossings, etc.
- 



# Pedestrian Bumpout Analysis



## 2020 Mill and Overlay Project

Bumpout Selection Map - Updated January 2020

[www.ci.northfield.mn.us/1313/2020-Mill-and-Overlay-Project](http://www.ci.northfield.mn.us/1313/2020-Mill-and-Overlay-Project)

### Intersections were eliminated because...



Low density of pedestrian crossings observed

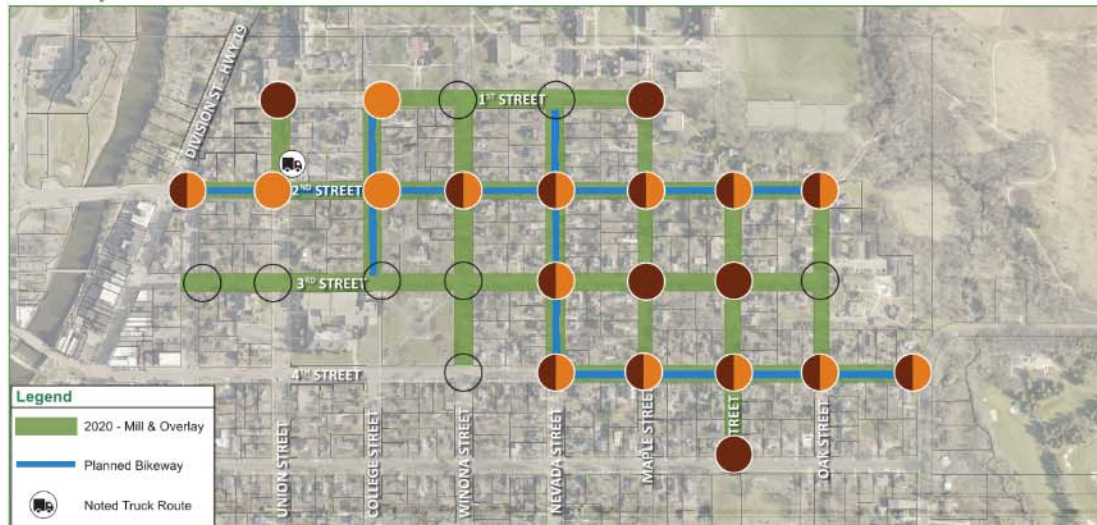


The street did not have parking lanes OR the street has proposed bikeways or other design restrictions

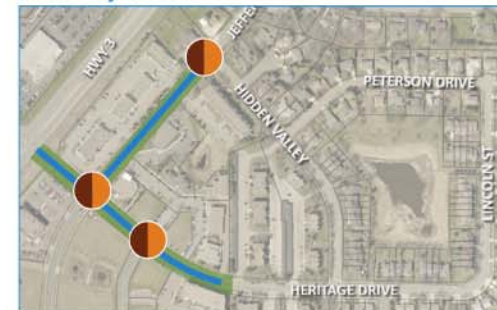


Potential bumpout candidate

North Project Area



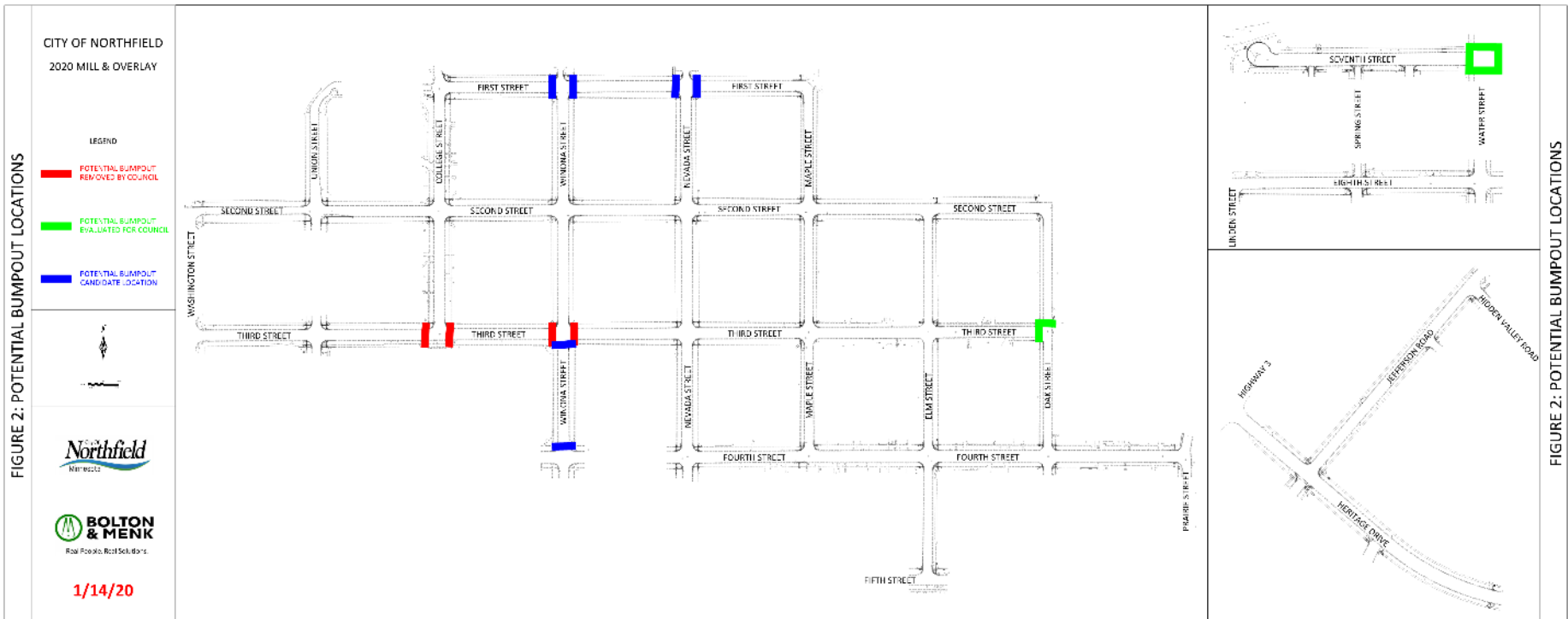
South Project Area



8th Street Area



# Pedestrian Bumpout Candidates



CITY OF NORTHFIELD  
2020 MILL & OVERLAY

LEGEND

- █ POTENTIAL BUMPOUT REMOVED BY COUNCIL
- █ POTENTIAL BUMPOUT EVALUATED FOR COUNCIL
- █ POTENTIAL BUMPOUT CANDIDATE LOCATION



1/14/20

FIGURE 2: POTENTIAL BUMPOUT LOCATIONS

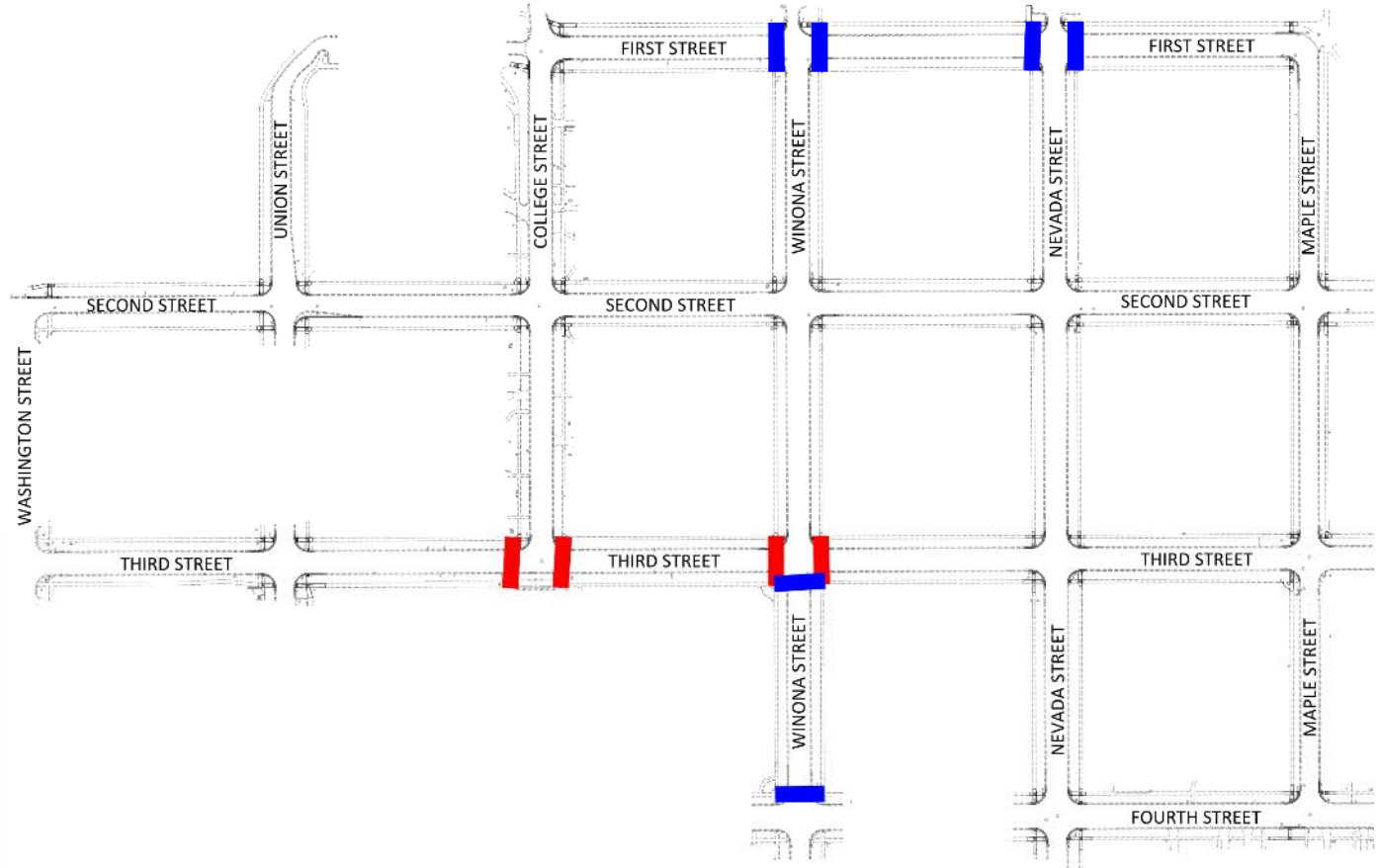



FIGURE 2: POTENTIAL BUMPOUT LOCATIONS

CITY OF NORTHFIELD  
2020 MILL & OVERLAY

LEGEND

 POTENTIAL BUMPOUT  
REMOVED BY COUNCIL

 POTENTIAL BUMPOUT  
EVALUATED FOR COUNCIL

 POTENTIAL BUMPOUT  
CANDIDATE LOCATION



1/14/20

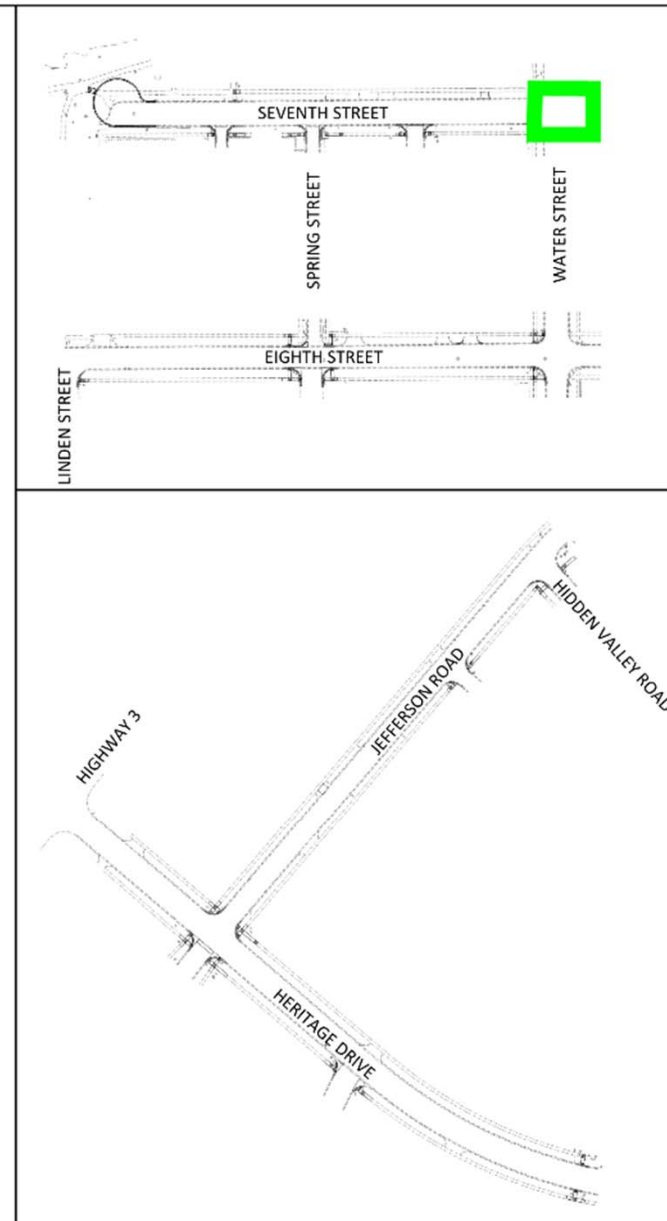
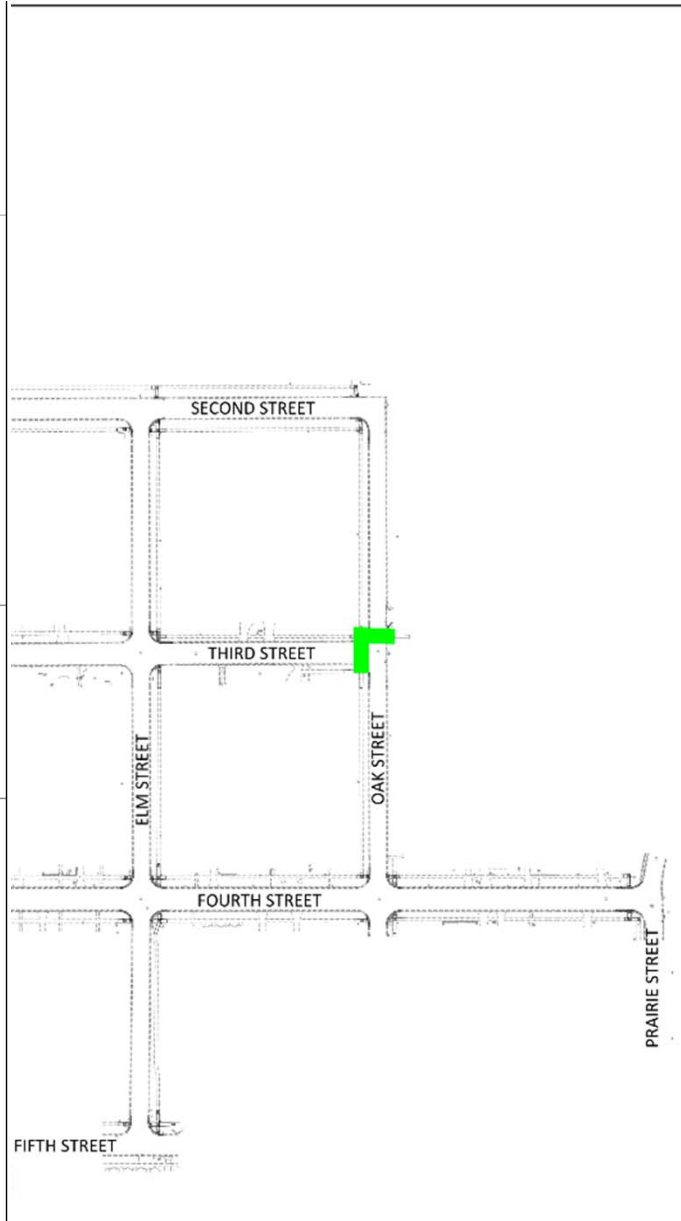


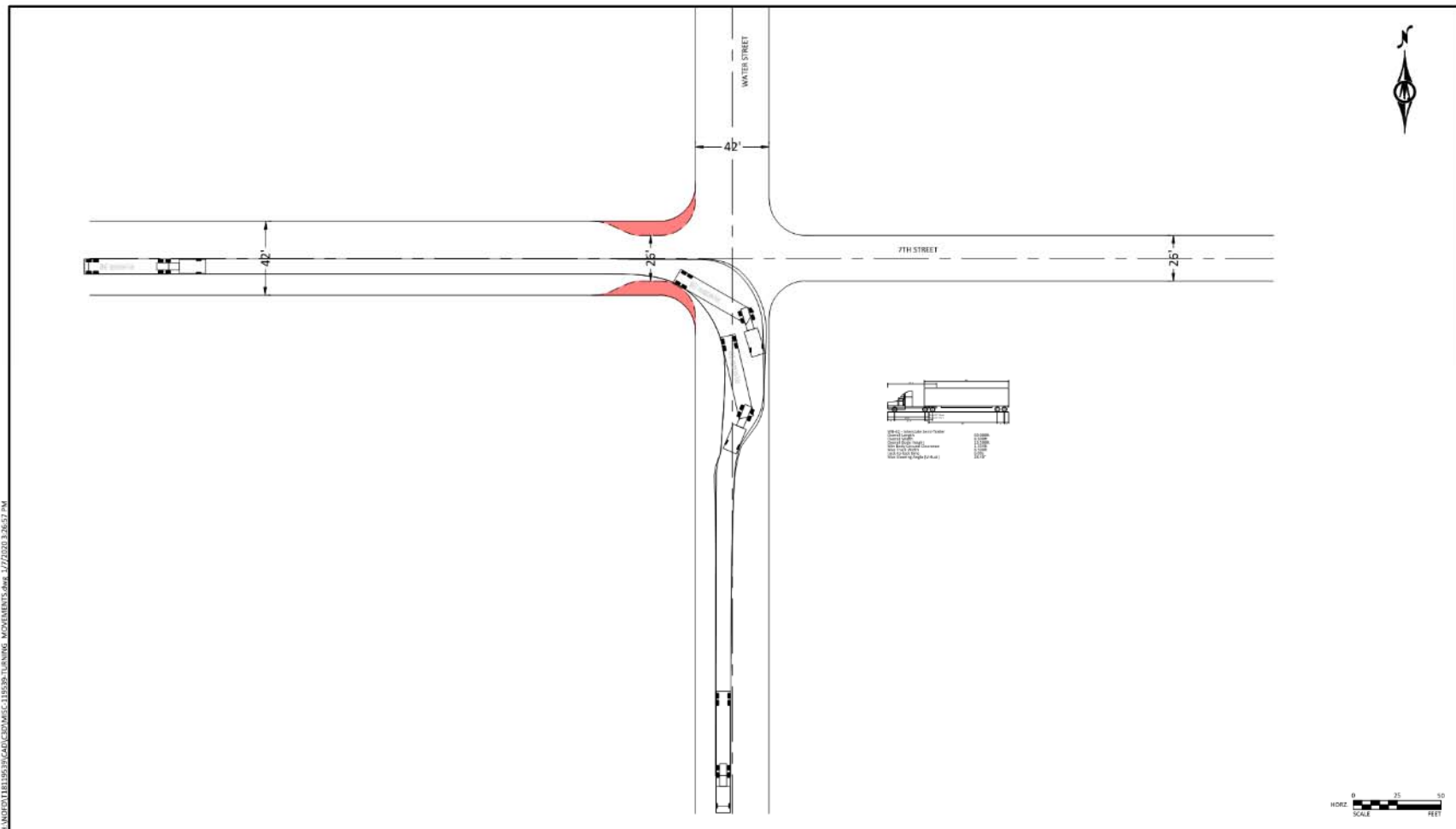
FIGURE 2: POTENTIAL BUMPOUT LOCATIONS



# Truck Turning Movements

7TH & WATER DELIVERY TRUCK TURNING MOVEMENTS 2  
CITY OF NORTHFIELD

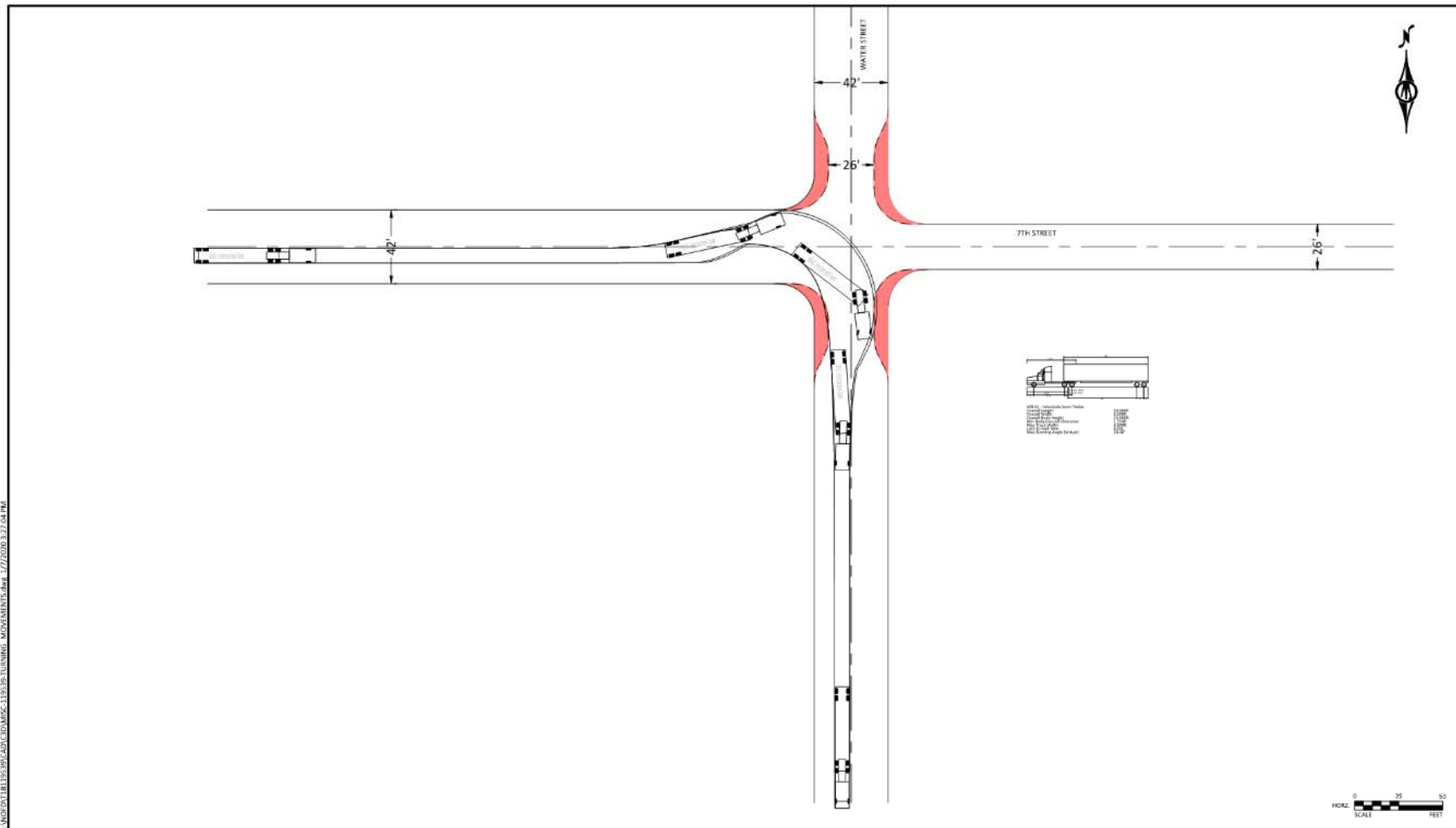
BUMPOUTS ACROSS 7TH  
JANUARY 2020



# Truck Turning Movements

7TH & WATER DELIVERY TRUCK TURNING MOVEMENTS 3  
CITY OF NORTHFIELD

BUMPOUTS ACROSS WATER  
JANUARY 2020

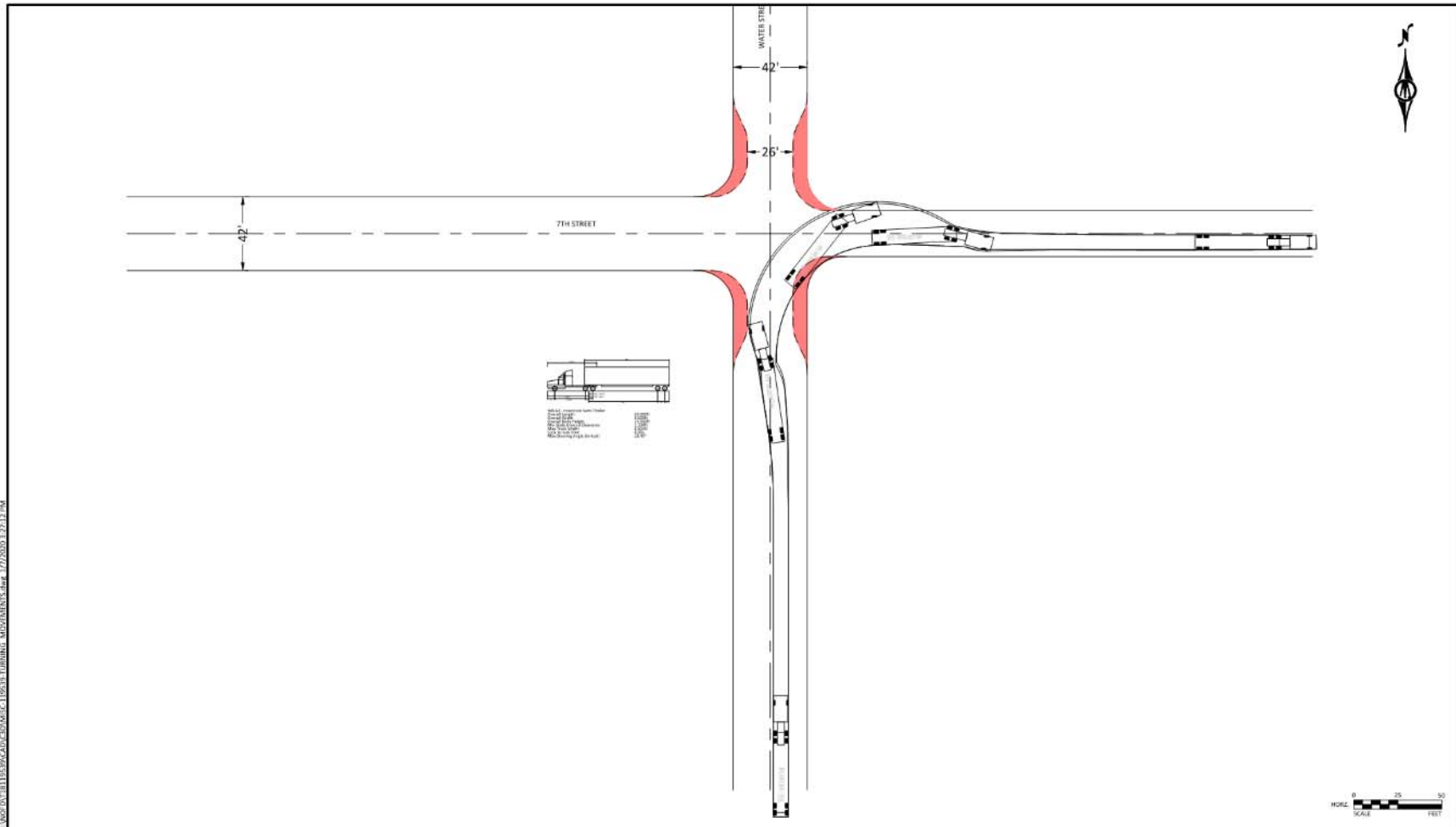


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# Truck Turning Movements

7TH & WATER DELIVERY TRUCK TURNING MOVEMENTS 4  
CITY OF NORTHFIELD

BUMPOUTS ACROSS WATER  
JANUARY 2020

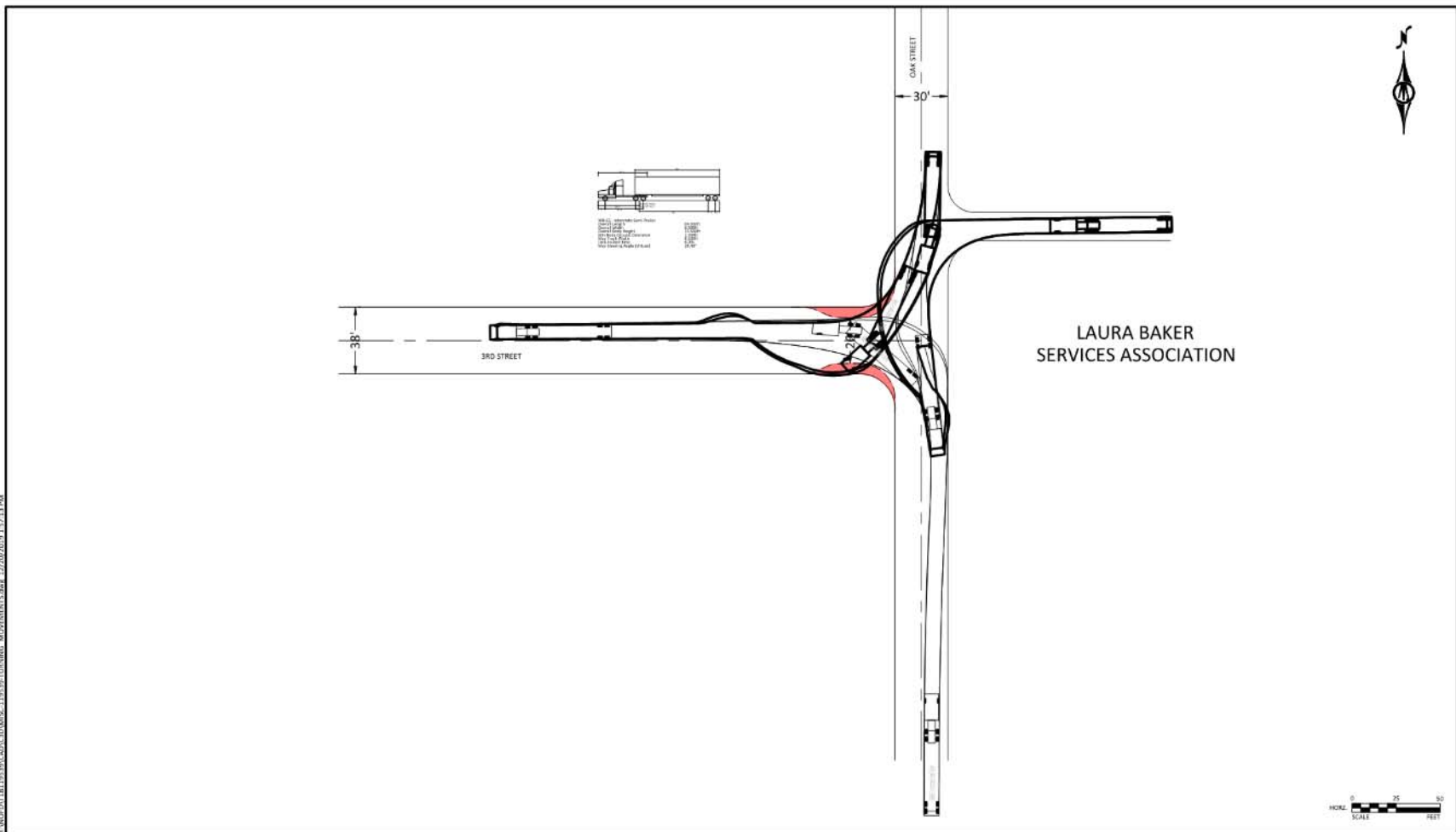




# Truck Turning Movements

3RD & OAK DELIVERY TRUCK TURNING MOVEMENTS 1  
CITY OF NORTHFIELD

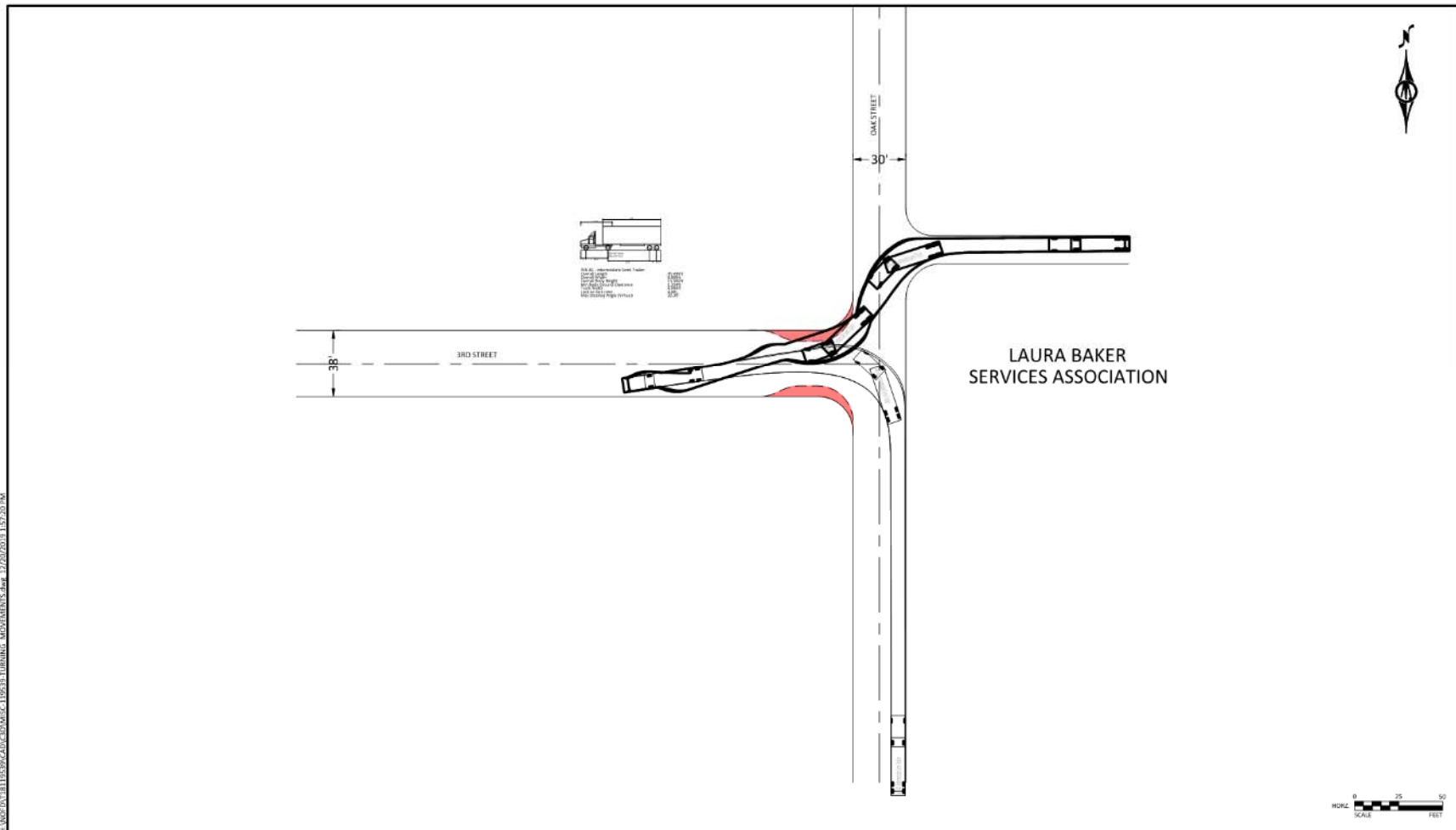
SEMI DELIVERY TO LAURA BAKER  
JANUARY 2020



# Truck Turning Movements


3RD & OAK DELIVERY TRUCK TURNING MOVEMENTS 2  
CITY OF NORTHFIELD

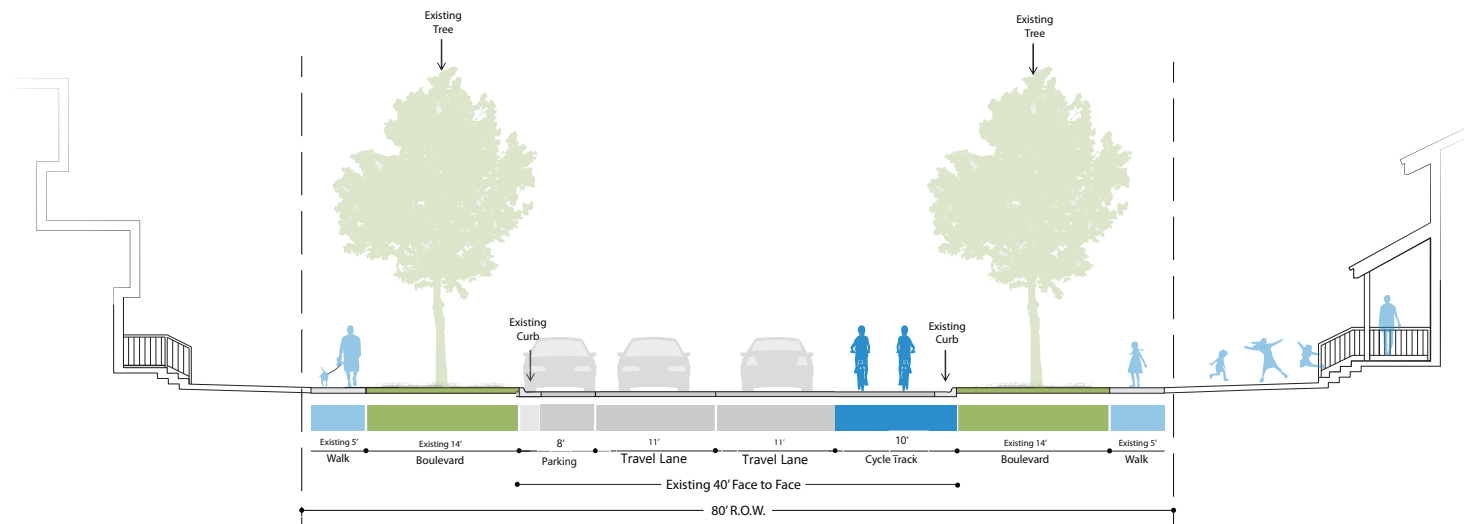
INTERMEDIATE SEMI DELIVERY TO LAURA BAKER  
JANUARY 2020



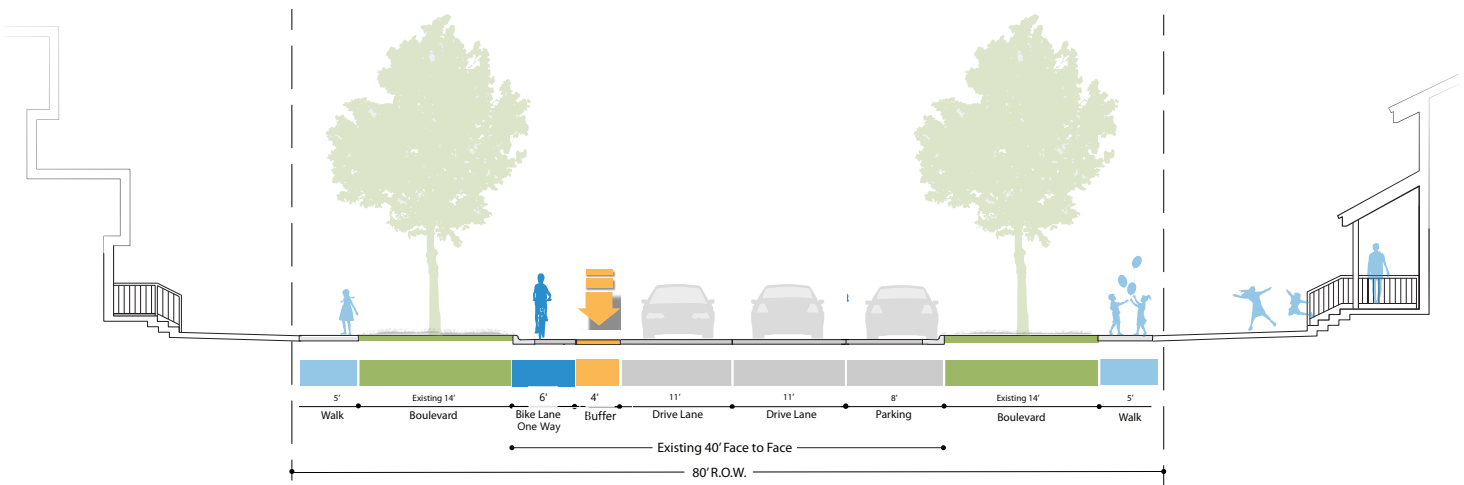
H:\MDC\178185\SP\CA\CE\MS\178185\TRUCKING - MOVEMENTS.dwg 12/02/2019 1:57:20 PM

# Project Process

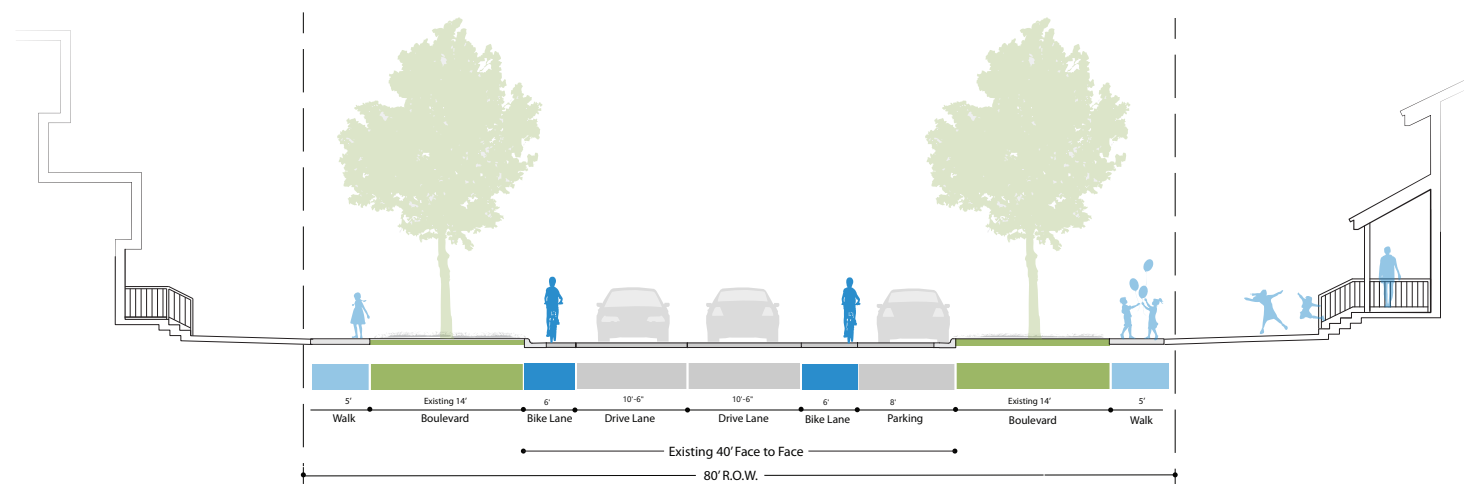
- *Aug 20, 2019* - *Order Preparation of Feasibility Report*
  - *Oct 2, 2019* - *Neighborhood Meeting #1*
  - *Oct 15, 2019* - *Council Direction on Bikeway & Sidewalk Concepts*
  - *Nov 5, 2019* - *Accept Feasibility Report & Call for Improvement Hearing & Order Preparation of Plans & Specifications*
  - *Dec 3, 2019* - *Public Improvement Hearing & Order Improvements*
  - *Jan 7, 2020* - *Order Improvement*
  - *Jan 8, 2020* - *Neighborhood Meeting #2*
  - **Jan 14, 2020** - **City Council Work Session on Final Plans**
  - *Jan 21, 2020* - *Approve Final Plans/Specs & Order Advertisements for Bids*
  - *Feb 20, 2020* - *Bid Opening*
  - *Mar 10, 2020* - *Accept Bids & Award Contract*
  - *April 7, 2020* - *Declare Amount to be Assessed/Call for Assessment Hearing*
  - *April/May 2020* - *Property Owner Meetings*
  - *May 5, 2020* - *Assessment Hearing/Adopt Assessment Roll*
  - *June to Oct 2020* - *Construction*
  - *June 2021* - *Accept Improvements & Authorize Final Payment*
- 



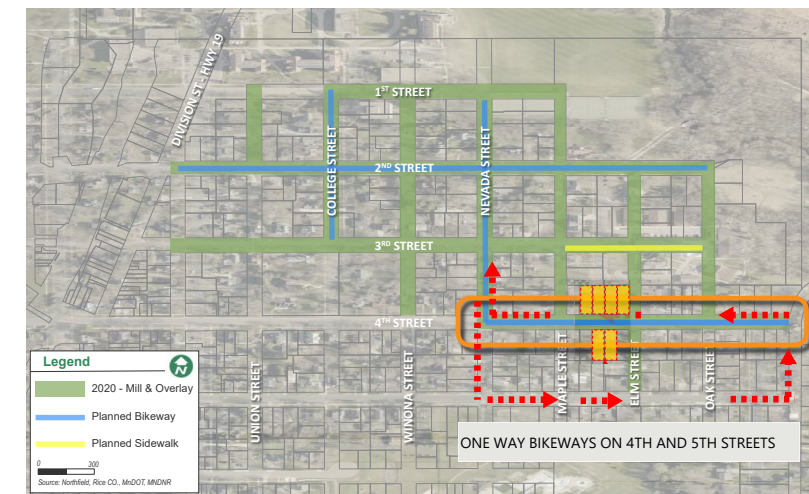
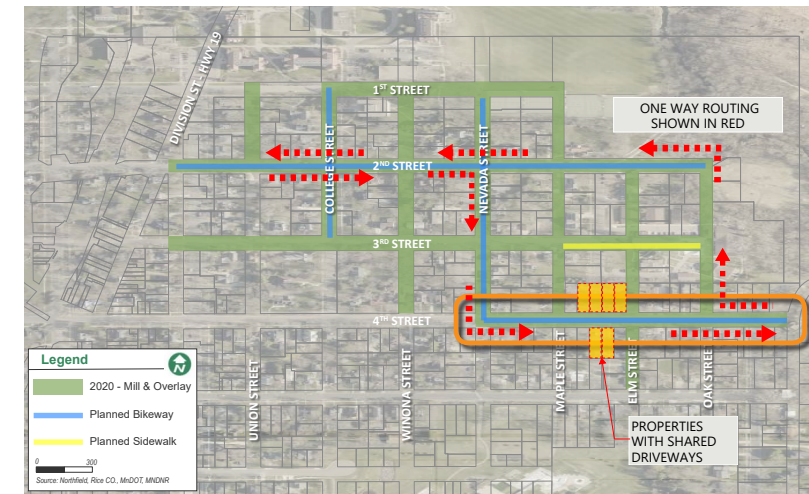
ON-STREET CYCLE TRACK - REDUCED WIDTHS FOR PARKING AND BIKE TRACK



ON-STREET CYCLE TRACK - ONE WAY - ROUTE SPLIT BETWEEN TWO STREETS



ON-STREET CYCLE TRACK - ADJUST WIDTHS OF CURRENT LANES



EXISTING CONDITIONS



Local Option Sales Tax Discussion

January 14, 2020

# Local Option Sales Taxes

- In 1971, the legislature enacted a law that stated that no local government “...shall increase a present tax or impose a new tax on sales or income” as a tradeoff to the state providing significant general purpose aid to local governments.
- Despite this prohibition, the legislature had allowed a number of local sales taxes to be imposed via special legislation. There had been some modifications in 2008 and 1997.
- In 2019, statutes were amended that significantly changed authority and requirements for cities seeking local sales taxes.



# 2019 New Law Provisions

- Construction and rehabilitation of capital projects.
- “...when a clear regional benefit beyond the taxing jurisdiction can be demonstrated.”
- Legislature must approve prior to voter approval (see next slide for details).
- Must identify projects to legislature and the legislature does not have to grant authority for all projects.

# Council Resolution Requesting Application for Authority (by 1-31)

- Proposed tax rate (.5%).
- Detailed description of no more than 5 capital projects that will be funded from the tax.
- Documentation of regional significance of each project, including the share of the economic benefit to or use of each project by those in and out of city.
- Amount of sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue.



# 2019 Law Provisions

- Vote must be held within 2-years of legislative approval and also must be at a general election.
- If more than 1-project is authorized, there must be a separate question on the ballot approving the use of tax revenue for each project.

# Key Dates

Date	Description
January 31 <sup>st</sup>	Council Approve Legislative Request & Submitted.
May 18 <sup>th</sup>	MN Legislature – Begins Feb.11 <sup>th</sup> and Ends May 18 <sup>th</sup> (at latest)
After session	Council must approve the taxing authority granted by State.
August 21 <sup>st</sup>	Council Resolution on Local Referendum
November 5 <sup>th</sup>	Requires majority approval of question
After election	Council must approve implementation if approved by a majority



# January 21<sup>st</sup> Resolution Requirements

- Proposed tax rate (.5%).
- Detailed description of no more than 5 capital projects that will be funded from the tax.
- Documentation of regional significance of each project, including the share of the economic benefit to or use of each project by those in and out of city.
- Amount of sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue.

# Funding

- 20-years of sales tax maximum
- Estimated reasonably could generate \$13 million over this period.
  - If used bonding to finance, revenues could support bonding for \$9.2 million in projects at a conservative 3.5% interest rate.
- \$129,877,922 Total taxable sales Northfield (2017)
- \$649,390 Annual Revenues with .5% sales and use tax.

# Possible Suggested Capital Projects

- To be added.

# Potential Funding Combinations

- To be added.

# Parks & Recreation Survey

- Results in process.
- Will be provided as supplemental information on Tuesday to the City Council.

# Council Discussion/Policy Options

- Not pursue at this time, plan for future sales tax.
- Approve resolution on January 21<sup>st</sup> to meet criteria (up to 5 total capital projects).
- Will need to determine projects, scope, and other details on January 21<sup>st</sup>.



**297A.99 LOCAL SALES TAXES.**

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted by special law, or (4) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

(1) conduct the referendum;

(2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

(3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases; and

(5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

**Subd. 1a. Requirements.** Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues for local projects decreases the benefits to taxpayers of the deductibility of local property taxes and the state assistance provided through the property tax refund system and increases the fiscal inequities between similar communities.

**Subd. 2. Local resolution before application for authority.** (a) Before the governing body of a political subdivision requests legislative approval to impose a local sales tax authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The resolution must include the following information:

(1) the proposed tax rate;

(2) a detailed description of no more than five capital projects that will be funded with revenue from the tax;

(3) documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction;

(4) the amount of local sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue; and

(5) the total revenue that will be raised for all projects before the tax expires, and the estimated length of time that the tax will be in effect if all proposed projects are funded.

(b) The jurisdiction seeking authority to impose a local sales tax by special law must submit the resolution in paragraph (a) along with underlying documentation indicating how the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes no later than January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

(c) The special legislation granting local sales tax authority is not required to allow funding for all projects listed in the resolution with the revenue from the local sales tax, but must not include any projects not contained in the resolution.

**Subd. 3. Legislative authority required before voter approval; requirements for adoption, use, termination.** (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. **Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted at a general election within the two-year period after the governing body of the political subdivision has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, there must be a separate question approving the use of the tax revenue for each project.** Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in the authorizing legislation must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

(b) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital improvement projects that were approved by the voters under paragraph (a).

(c) The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.

(f) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

**Subd. 4. Tax base.** (a) The tax applies to sales taxable under this chapter that occur within the political subdivision.

(b) Taxable goods or services are subject to a political subdivision's sales tax, if they are sourced to the political subdivision pursuant to section 297A.668.

Subd. 5. **Tax rate.** (a) The tax rate is as specified in the special law authorization and as imposed by the political subdivision.

(b) The full political subdivision rate applies to any sales that are taxed at a state rate, and the political subdivision must not have more than one local sales tax rate or more than one local use tax rate. This paragraph does not apply to sales or use taxes imposed on electricity, piped natural or artificial gas, or other heating fuels delivered by the seller, or the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

Subd. 6. **Use tax.** A compensating use tax applies, at the same rate as the sales tax, on the use, storage, distribution, or consumption of tangible personal property or taxable services.

Subd. 7. **Exemptions.** (a) All goods or services that are otherwise exempt from taxation under this chapter are exempt from a political subdivision's tax.

(b) All mobile transportation equipment, and parts and accessories attached to or to be attached to the equipment are exempt, if purchased by a holder of a motor carrier direct pay permit under section 297A.90.

Subd. 8. **Credit for other local taxes.** If a person paid sales or use tax to another political subdivision of this state on an item subject to tax under this section, a credit applies against the tax imposed under this section. The credit equals the tax the person paid to the other political subdivision for the item.

Subd. 9. **Enforcement; collection; and administration.** (a) The commissioner of revenue shall collect the taxes subject to this section. The commissioner may collect the tax with the state sales and use tax. All taxes under this section are subject to the same penalties, interest, and enforcement provisions as apply to the state sales and use tax.

(b) A request for a refund of state sales tax paid in excess of the amount of tax legally due includes a request for a refund of the political subdivision taxes paid on the goods or services. The commissioner shall refund to the taxpayer the full amount of the political subdivision taxes paid on exempt sales or use.

(c) A political subdivision shall incur a legal debt to the state for refunds of local sales taxes made by the commissioner after a tax has terminated when the amount of the refunds exceeds the amount of local sales taxes collected for but not remitted to the political subdivision. The commissioner of revenue shall bill the political subdivision for this difference. The commissioner shall deposit the money in the state treasury and credit it to the general fund.

Subd. 10. **Use of zip code in determining location of sale.** The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions. If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area. For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence if the seller has attempted to determine the nine-digit zip code designation by utilizing software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

Subd. 11. **Revenues; cost of collection.** The commissioner shall remit the proceeds of the tax, less refunds and a proportionate share of the cost of collection, at least quarterly, to the political subdivision. The commissioner shall deduct from the proceeds remitted an amount that equals

(1) the direct and indirect costs of the department to administer, audit, and collect the political subdivision's tax, plus

(2) the political subdivision's proportionate share of the indirect cost of administering all taxes under this section, plus

(3) the cost of constructing and maintaining a zip code or geo-code database necessary for local sales tax collections under the Streamlined Sales and Use Tax Agreement in section 297A.995.

The initial cost of constructing a database under clause (3) shall be distributed among the cities with a local sales tax based on each city's population. The commissioner shall develop a method for distributing the cost of maintaining the database among the cities with a local sales tax based on the number of boundary changes for each city.

Subd. 12. **Effective dates; notification.** (a) A political subdivision may impose a tax under this section starting only on the first day of a calendar quarter. A political subdivision may repeal a tax under this section stopping only on the last day of a calendar quarter.

(b) The political subdivision shall notify the commissioner of revenue at least 90 days before imposing, changing the rate of, or repealing a tax under this section.

(c) The political subdivision shall change the rate of tax imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

(d) The political subdivision shall apply the rate change for sales tax imposed under this section to purchases from printed catalogs, wherein the purchaser computed the tax based upon local tax rates published in the catalog, starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 120 days prior to the change.

(e) The political subdivision shall apply local jurisdiction boundary changes to taxes imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

Subd. 12a. **Notification of use tax.** Any political subdivision imposing a local sales and use tax, which maintains an official website, must display on its main home page a link to a notice that residents and businesses in the political subdivision may owe a local use tax on purchases of goods and services made outside of the political subdivision limits. The notice must provide information, including a link to any relevant Department of Revenue website, on how the taxpayer may get information and forms necessary for calculating and paying the tax. If the political subdivision provides and bills for sewer, water, garbage collection, or other public utility services, the billing statement must also include at least once per year a notice that residents and businesses may owe a local use tax on purchases made outside of the political subdivision limits and provide information on how the taxpayer may get information and forms necessary for calculating and paying the tax.

Subd. 13. **Application.** This section applies to all local sales taxes that were authorized before, on, or after June 2, 1997.

**History:** 2000 c 418 art 1 s 42; 1Sp2001 c 5 art 12 s 81-83; 2003 c 127 art 1 s 28-30; 2005 c 151 art 7 s 22; 1Sp2005 c 3 art 5 s 22,23; 2006 c 259 art 6 s 30; 2008 c 152 art 4 s 1; 2008 c 366 art 7 s 7; 1Sp2011 c 7 art 4 s 1,2; 2013 c 143 art 8 s 43; 1Sp2019 c 6 art 6 s 1-4