

Local Sales and Use Taxes

164
Sales Tax
Fact Sheet

What's New in 2017

Starting April 1, 2017:

- Lake County will have a 0.5 percent Transit Sales and Use Tax

December 31, 2016:

- Fergus Falls ended their Sales and Use Tax on Dec. 31, 2016

January 1, 2017:

- Cook County has a 0.5 percent Transit Sales and Use Tax
- Mille Lacs County has a 0.5 percent Transit Sales and Use Tax
- Pine County has a 0.5 percent Transit Sales and Use Tax
- Winona County has a 0.5 percent Transit Sales and Use Tax

April 1, 2016:

- Blue Earth County has a 0.5 percent Transit Sales and Use Tax
- Brown County has a 0.5 percent Transit Sales and Use Tax
- Cass County has a 0.5 percent Transit Sales and Use Tax
- Chisago County has a 0.5 percent Transit Sales and Use Tax
- Crow Wing County has a 0.5 percent Transit Sales and Use Tax
- Wabasha County has a 0.5 percent Transit Sales and Use Tax

January 1, 2016:

- Freeborn County has a 0.5 percent Transit Sales and Use Tax
- Otter Tail County has a 0.5 percent Transit Sales and Use Tax and a \$20 per vehicle Excise Tax
- Rochester sales and use tax rate increased to 0.75 percent (from 0.5 percent)

Local Sales and Use Taxes (see the table on page 4 for a listing of the local taxes)

Local sales tax

The Minnesota Department of Revenue currently administers the local taxes shown in the chart on pages 4-6. 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 rates. 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 local tax

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 in your own vehicle to the local area
- 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 "ZIP Codes" section on pages 3 and 4.)

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 local sales and use tax, you are allowed credit for the local sales tax already paid.

Ways to register

You may register for local taxes when filing your sales tax return online in e-Services.

1. Select the dropdown arrow next to the blank row on the return.
2. Select the local tax that you need to add.
3. Enter the dollar amount for this local tax.

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 (toll-free).

You can email us at salesuse.tax@state.mn.us to register. If you send us an email, make sure you include your Minnesota Tax ID number.

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 completed Form ST3, *Certificate of Exemption*
- you ship or deliver the items to your customer outside the local area
- 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.

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. Cities, counties, and towns do not pay the state sales tax on most purchases.

For more information, see Fact Sheet 142, Sales to Governments.

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 vehicle excise tax** applies to sales of motor vehicles when the sale occurs in a county listed in the table below.

County	Effective Date
Anoka, Dakota, Hennepin, Ramsey, Washington	7/1/2008
Beltrami	4/1/2014
Carlton, St. Louis	4/1/2015
Scott	10/1/2015
Otter Tail	1/1/2016

Special local taxes

The Minnesota Department of Revenue also administers special local taxes that are imposed in Detroit Lakes, Giants Ridge Recreation Area, Mankato, Minneapolis, Proctor, 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 a 0.5 percent Entertainment tax. The city of Proctor imposes a 1 percent Food and Beverage 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

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.

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 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.

Examples of when to charge local tax

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

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).

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.

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.

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.)

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.

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

Use the **sales tax rate calculator** (available on our website) to determine the state and local general sales and use tax rate to apply to sales and purchases made in Minnesota.

This calculator **does not include special local taxes** (lodging, entertainment, liquor, admissions, and restaurant taxes). If special local taxes apply, add them to the rate provided.

For information, see [Fact Sheet 164S, Special Local Taxes](#) and [Fact Sheet 164M, Minneapolis Special Local Taxes](#).

To find a valid Minnesota sales tax rate

- enter a valid address, apt/suite/other (if applicable), and city or
- enter a valid nine-digit ZIP Code

Some ZIP Codes are not entirely within one local taxing area. A valid nine-digit ZIP Code should be used for accurate results.

The general ZIP Code area for each local tax is listed in the **Local Tax Guide – ZIP Codes, Cities, and Towns** on our website. 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 website.

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

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%
Blue Earth County	Transit Sales and Use Tax	4/1/16	0.50%
Brainerd	Sales and Use Tax	4/1/07	0.50%
Brown County	Transit Sales and Use Tax	4/1/16	0.50%
Carlton County	Transit Sales and Use Tax	4/1/15	0.50%
Cass County	Transit Sales and Use Tax	4/1/16	0.50%
Chisago County	Transit Sales and Use Tax	4/1/16	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 Transit Sales and Use Tax	4/1/10 (1) 1/1/17	1.00% 0.50%
Crow Wing County	Transit Sales and Use Tax	4/1/16	0.50%

City/County	Type of Tax	Begin Date	Rate
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 – 12/31/16	0.50%
Fillmore County	Transit Sales and Use Tax	1/1/15	0.50%
Freeborn County	Transit Sales and Use Tax	1/1/16	0.50%
Giants Ridge Recreation Area	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%
Hubbard County	Transit Sales and Use Tax	7/1/15	0.50%
Hutchinson	Sales and Use Tax	1/1/12	0.50%
Lake County	Transit Sales and Use Tax	4/1/17	0.50%
Lanesboro	Sales and Use Tax	1/1/12	0.50%
Lyon County	Transit Sales and Use Tax	10/1/15	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	1.50%
Medford	Sales and Use Tax	4/1/13	0.50%
Mille Lacs County	Transit Sales and Use Tax	1/1/17	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%
Otter Tail County	Transit Sales and Use Tax	1/1/16	0.50%
Owatonna	Sales and Use Tax	4/1/07 – 6/30/11	0.50%
Pine County	Transit Sales and Use Tax	1/1/17	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 (7)	1/1/16	0.75%
	Sales and Use Tax	1/1/93 – 12/31/15	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. Louis County	Transit Sales and Use Tax	4/1/15	0.50%

City/County	Type of Tax	Begin Date	Rate
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%
Scott County	Transit Sales and Use Tax	10/1/15	0.50%
Steele County	Transit Sales and Use Tax	4/1/15	0.50%
Todd County	Transit Sales and Use Tax	1/1/15	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%
Wabasha County	Transit Sales and Use Tax	4/1/16	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%
Winona County	Transit Sales and Use Tax	1/1/17	0.50%
Worthington	Sales and Use Tax	4/1/09	0.50%

(1) Cook County 1% 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 to 1% (from 0.5%) effective 4/1/13.

(4) Minneapolis lodging tax rate prior to 7/1/09 was 3%.

(5) St. Cloud, Sartell, Sauk Rapids, and St. Augusta were original participants in this tax. St. Joseph and Waite Park became participating cities 1/1/06.

(6) Rochester lodging tax rate increased to 7% (from 4%) effective 1/1/14.

(7) Rochester sales and use tax rate increased to 0.75% (from 0.5%) effective 1/1/16.

* 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.