

Greater Minnesota Transportation Sales and Use Tax

Our roads and bridges are a safety and economic necessity. State and Federal transportation funding falls short of the dollars needed to keep these valuable assets in good condition. However, we have been given a tool to help. This tool is called the Greater Minnesota Transportation Sales and Use Tax, also referred to as the Local Options Sales Tax or Transit Sales Tax.

On March 21, 2017, the County Board imposed a ¼% transit sales tax to help fund road, bridge and transportation related projects within the County. This ¼% transit sales tax will be used for projects identified in the 2017-2041 Transportation Capital Improvement Plan, as well as bonded debt issued in the past for transportation projects.

The revenues are raised in Olmsted County by people who make sales tax eligible

purchases and the money stays here, unlike other taxes. The Local Options Sales Tax applies to the same items that are subject to the State Sales and Use Tax. The Minnesota Department of Revenue is responsible for the administration of the local sales and use tax.

Note:

- Certain cities within Olmsted County (Rochester, for example) also have local sales taxes either administered by the Minnesota Department of Revenue or by the city itself. Please contact the applicable city(s) with questions.
- The new local options sales tax is not the same as the ¼% transit sales tax (Minnesota Statute Section 297A) approved by the County Board in 2013. This earlier tax is needed to raise money for the

County's contribution toward public infrastructure costs related to the Destination Medical Center (DMC) initiative.

To learn more, click on the links or review the information in the "Frequently Asked Questions", sections below:

Olmsted County Transit Sales and Use Tax General Notice (PDF) –
http://www.revenue.state.mn.us/businesses/sut/Documents/Local_Tax/General_Notice_Olmsted_Co_Increase.pdf

<http://www.revenue.state.mn.us/businesses/sut/factsheets/FS164.pdf>

State of Minnesota Sales and Use Tax Information (Link) -
<http://www.revenue.state.mn.us/businesses/sut/Pages/File-and-Pay.aspx>

M.S. 297A.993 & M.S. 297A.99 (Link - PDF) -
<https://www.revisor.mn.gov/statutes/?id=297A.993&format=pdf>

<https://www.revisor.mn.gov/statutes/?id=297A.99&format=pdf>

Additional Background on 2013 Local Sales and Use Tax -
<https://www.co.olmsted.mn.us/news/Pages/LocalSalesandUseTax.aspx>

FREQUENTLY ASKED QUESTIONS

Why is the County increasing the local sales tax?

Olmsted County's transportation infrastructure forms the backbone of the county's economy and has a direct impact on future economic development. The 2017-2041 Transportation Capital Improvement Plan identified a substantial gap between transportation funding sources and transportation costs. The ¼% increase in local sales tax will decrease the gap and could decrease the pressure on property taxes.

Why raise the money through a sales tax versus property tax?

If the transportation infrastructure cost was funded entirely through property taxes, it would force Olmsted County property owners to foot

100% of the costs even though many non-residents travel on our road network. To collect the money through a sales tax means that a percentage of the cost will be paid by the people who drive in our county to work, visit and shop.

The ¼% new transportation sales tax collected in Olmsted County will stay in the county.

What kind of projects will be considered for funding from the new revenue source?

The additional revenue available from this tax will fund existing debt service for roads and bridges and will help fund projects that:

- preserve existing roads and bridges;
- improve transportation facilities for all users;
- accommodate growth; and
- provide for a safe and efficient transportation system.

I'm a business owner. What do I need to know to collect this tax?

The Minnesota Department of Revenue will send an informational letter to all businesses in the County.

For additional assistance in determining the state and local general sales and use tax rate, you may utilize the Minnesota Revenue Sales Tax Rate Calculator. See link below:

<http://www.revenue.state.mn.us/businesses/sut/Pages/SalesTaxCalculator.aspx>

When will the increase in local sales and use tax will go into effect?

The increase local sales and use tax goes into effect on July 1, 2017. The county will begin using the sales tax on eligible costs immediately.

Where will the Transportation Sales & Excise Tax be applied?

The county's transportation sales tax applies to the same items that are

subject to the State Sales and Use Tax. Many items are exempt from state sales and use tax and would be exempt from the new ¼ % sales tax. Examples include food, clothing, pharmaceuticals, electricity, natural gas, farm machinery, fuel oil, wood, propane and liquid petroleum (LP) gas.

For more information on the use tax, visit the State of Minnesota Sales and Use Tax Information webpage.

<http://www.revenue.state.mn.us/Pages/default.aspx>