

Business Item

Community Development Committee



Committee Meeting Date: August 7, 2023

For the Metropolitan Council: August 23, 2023

Business Item: 2023-154 JT

Imposing a Metropolitan Region Sales and Use Tax for Local Affordable Housing Aid, Resolution No. 2023-7

District(s), Member(s):	All
Policy/Legal Reference:	2023 Minnesota Laws Chapter 37, Article 5, Section 2; Minnesota Statutes Section 297A.9925
Staff Prepared/Presented:	Heather Giesel, Director of Finance & Administration, Community Development (651) 602-1715 LisaBeth Barajas, Executive Director, Community Development (651) 602-1895
Division/Department:	Community Development

Proposed Action

That the Council adopt Resolution No. 2023-7 imposing a metropolitan region sales and use tax for local affordable housing aid.

Background

Legislation enacted during the 2023 session requires the Council to impose a metropolitan region sales and use tax of 0.25% on retail sales made in the metropolitan area or to a destination in the seven metropolitan-area counties. The sales and use tax for affordable housing aid will be collected and administered by the Minnesota Department of Revenue and will apply to sales and purchases made after October 1, 2023.

The sales tax proceeds will support affordable housing programs administered by the Minnesota Department of Revenue and the Minnesota Housing Finance Agency. The statute sets the distribution of the proceeds as follows:

- 25% to the state rent assistance account under section 462A.2095
- 25% to the metropolitan city aid account in the housing assistance fund under section 477A.37
- 50% to the metropolitan county aid account in the housing assistance fund under 477A.37

Funds to cities and counties may be used for qualifying housing projects and activities.

Although the Council is required to impose the sales and use tax, the Council will not be eligible to directly receive any sales and use tax proceeds.

Rationale

The 2023 legislation requires the Council to impose this sales and use tax. The Council cannot change the sales tax rate or choose not to impose this sales and use tax.

Thrive Lens Analysis

This sales and use tax will further the Thrive outcome of Equity because it will help create viable housing so all communities share the opportunities and challenges of growth and change. The use of these sales and use tax proceeds by eligible cities and counties also will help further the Thrive outcome of Livability by increasing affordable housing options.

Funding

This action does not impact the Council's budget.

Small Business Inclusion

N/A

Known Support / Opposition

N/A

Attachment

Resolution 2023-7 RESOLUTION IMPOSING A METROPOLITAN REGION SALES AND USE TAX FOR LOCAL AFFORDABLE HOUSING AID





METROPOLITAN COUNCIL RESOLUTION NO. 2023-7

RESOLUTION IMPOSING A METROPOLITAN REGION SALES AND USE TAX FOR LOCAL AFFORDABLE HOUSING AID

- WHEREAS,** 2023 Minnesota Laws chapter 37, article 5, section 2, authorizes a metropolitan region sales and use tax (“metropolitan sales tax”) under Minnesota Statutes, section 297A.9925, and requires the Council to impose a metropolitan region sales and use tax at a rate of 0.25 percent on retail sales made in the “metropolitan counties” comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties or to a destination in the metropolitan counties; and
- WHEREAS,** The administration, collection, and enforcement of the metropolitan sales tax will be governed by section 297A.9925 and the provisions of section 297A.99, subdivisions 4, and 6 to 12a; and
- WHEREAS,** The proceeds of the metropolitan sales tax will be distributed to the State Rent Assistance Account under section 462A.2095, the Metropolitan City Aid Account in the Housing Assistance Fund under section 477A.37, and the Metropolitan County Aid Account in the Housing Assistance Fund under section 477A.37; and
- WHEREAS,** The proceeds of the metropolitan sales tax will be distributed to metropolitan counties and eligible cities located in metropolitan counties for qualifying affordable housing projects; and
- WHEREAS,** The Commissioner of Revenue of the State of Minnesota is authorized to impose, administer, collect and enforce state sales and use tax laws and rules under Minnesota Statutes Chapters 270C, 289A, 297A, and Minnesota Rules, Chapter 8130, as amended from time to time;

NOW, THEREFORE, BE IT RESOLVED:

That the Metropolitan Council imposes a metropolitan region sales and use tax at a rate of 0.25 percent on retail sales made in the “metropolitan counties” comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties or to a destination in the metropolitan counties. The metropolitan region sales tax will apply to sales and purchases made after October 1, 2023.

Adopted this _____ day of, _____ 2023.

Charles A. Zelle, Chair

Bridget Toskey, Recording Secretary