

Committee Report

Management Committee



Committee Meeting Date: August 23, 2023

For the Metropolitan Council: August 23, 2023

Business Item: 2023-162 JT

Imposing a Regional Transportation Sales and Use tax and Resolution 2023-8

Proposed Action

That the Council adopt Resolution No. 2023-8 imposing a regional transportation sales and use tax.

Summary of July 24, 2023, Transportation Committee Discussion/Questions:

Metro Transit Finance Director Ed Petrie presented this item. Carter, Toni asked for clarification on the numbers. There were no other questions or comments from Council members.

Motion by Vento, seconded by Cater, Toni. Motion carried.

Summary of August 9, 2023, Management Committee Discussion/Questions:

Finance Director Stewart McMullan presented this item. There were no other questions or comments from Council members.

Motion by Barber, seconded by Cederberg; Motion carried



Business Item

Management Committee



Committee Meeting Date: August 9, 2023

For the Metropolitan Council: August 23, 2023

Business Item: 2023-162 JT

Imposing a Regional Transportation Sales and Use Tax and Resolution 2023-8

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|----------------------------------|---|
| District(s), Member(s): | All |
| Policy/Legal Reference: | 2023 Minnesota Laws Chapter 68, Article 3, Section 29; Minnesota Statutes Sections 297A.9915 and 473.4465 |
| Staff Prepared/Presented: | Stewart McMullan, Director of Budget and Operations (651-602-1374) |
| Division/Department: | Transportation |

Proposed Action

That the Council adopt Resolution No. 2023-8 imposing a regional transportation sales and use tax.

Background

Legislation enacted during the 2023 session requires the Council to impose a regional transportation sales and use tax of 0.75% on retail sales and uses made in the metropolitan area or to a destination in the seven metropolitan-area counties. The sales and use tax will be collected and administered by the Minnesota Department of Revenue and will apply to sales and purchases made on or after October 1, 2023.

The sales tax proceeds will be allocated as follows:

- 83% to the Council for transit and transportation purposes specified in section 473.4465
- 17% to metropolitan-area counties for transportation and transit-related purposes.

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

The sales and use tax will further the Thrive outcome of Prosperity by providing significant additional investment in the transportation infrastructure that creates regional economic competitiveness.

Funding

This action will impact the Council's 2023 Unified Budget and subsequent budgets. The Minnesota Department of Revenue estimates that the sales tax will provide an additional ~ \$300 million in State Fiscal Year 2024 and an additional ~ \$465 million in State Fiscal Year 2025. These funds will be amended into the 2023 operating and capital budgets later in 2023 and incorporated into the 2024 Unified Budget to be adopted by the Council in December 2023.

Small Business Inclusion

There are no direct impacts to small business with this action.

Attachment

**Resolution 2023-8 RESOLUTION IMPOSING A REGIONAL TRANSPORTATION SALES
AND USE TAX**





METROPOLITAN COUNCIL RESOLUTION NO. 2023-8

RESOLUTION IMPOSING A REGIONAL TRANSPORTATION SALES AND USE TAX

- WHEREAS,** 2023 Minnesota Laws chapter 68, article 3, section 29, authorizes a regional transportation sales and use tax under Minnesota Statutes, section 297A.9915, and requires the Council to impose a regional transportation sales and use tax at a rate of three-quarters of one percent on retail sales and uses taxable under chapter 297A made in the “metropolitan area” comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties or to a destination in the metropolitan area; and
- WHEREAS,** The administration, collection, and enforcement of the regional transportation sales tax will be governed by section 297A.9915 and the provisions of section 297A.99, subdivisions 4, and 6 to 12a; and
- WHEREAS,** Eighty-three percent of the regional transportation sales tax proceeds must be allocated to the Council for transit-related and active transportation purposes under section 473.4465, and seventeen percent of the regional transportation sales tax proceeds must be allocated to metropolitan counties in the manner provided under section 174.49, subdivision 5; and
- WHEREAS,** Under section 297A.9915, subdivision 5, the Council may authorize the sale and issuance of revenue bonds, notes, or obligations to provide funds to implement the Council's transit capital improvement program and refund bonds issued under subdivision 5; and
- WHEREAS,** The bonds are payable from and secured by a pledge of all or part of the sales tax proceeds allocated to the Council; 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 that the Metropolitan Council imposes a regional transportation sales and use tax at a rate of three-quarters of one percent on retail sales and uses taxable under Minnesota Statutes, chapter 297A, made in the “metropolitan area” comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties or to a destination in the metropolitan area. The regional transportation sales and use tax will apply to sales and purchases made on or after October 1, 2023.

Adopted this _____ day of, _____ 2023.

Reva Chamblis, Vice Chair

Bridget Toskey, Recording Secretary