

March 4, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3822 (Liebling) / S.F. 3595 (Nelson)

The city of Rochester has imposed a sales and use tax since 1993. The rate was 0.5% until 2016 when it was increased to 0.75%. The city of Rochester has also imposed a lodging tax of 7% since 1971 and a \$20 vehicle excise tax since 1983.

The bill authorizes the city of Rochester to extend the sales and use tax of 0.5%, if approved by the voters at a general election. The proceeds would be used to finance additional projects in the city: \$50 million for the housing vitality fund, \$50 million for street reconstruction, \$40 million for flood control and water quality and \$65 million for a Regional Community and Recreation Complex.

The bill authorizes a bond issuance of up to \$205 million plus bond costs. The extended tax would terminate at the earlier of 24 years after the tax is first imposed or when the city council determines that sufficient funds have been received to pay for the costs of the project and bonds. The tax may expire earlier if the city so determines by ordinance.

The bill would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)

hf3822(sf3595) Rochester local sales tax_1 / tdh