

Memorandum

TO: City Council Workshop
FROM: Brad Martens , City Manager
DATE: June 15, 2026
SUBJECT: Discussion on local sales tax authority
ITEM NUMBER: 1.b
SECTION: GENERAL BUSINESS

REQUESTED MOTION

INTRODUCTION

The City Council has requested an opportunity to discuss the potential of requesting a approval of a local sales tax authority.

DISCUSSION

Cities have the ability to adopt a local sales tax to use for regionally significant capital projects by following a strict procedure as outlined in Minnesota state law. The process is as follows:

- City Council adopts a resolution proposing the tax
- Submit adopted resolution to the House and Senate Taxes committee and appropriate subcommittees by January 31st
- Receive legislative approval by passage of a special law to enact the sales tax
- City Council adopts a resolution accepting the new law
- Hold a city referendum during a general election within two years of receiving legislative authority
- City Council adopts an ordinance imposing the tax

In order to understand the impact of imposing a local sales tax, a report was commissioned by the University of Minnesota Extension for Community Vitality. The report was to show the impact of imposing a half-cent (.05 percent) sales tax. The study shows the following outcomes based upon 2023 sales and use tax data:

- It is estimated that non-residents would pay for 48.3% of the tax; Shoreview residents would pay 51.7%
- The average Shoreview resident would pay \$15.30 in taxes in 2023 if the tax had been established
 - Using the average household size of 2.31, this would amount to \$35.34 annually per household
- The taxes generated using 2023 data are estimated at \$810,000 annually
 - According to extension office staff, this number would likely be 10-15% larger as it does not include online sales
 - MN Department of Revenue requires an administrative fee that is less than one-percent

In Ramsey County, the cities of St. Paul and Roseville have adopted local sales tax. Below are the sales tax rates for Ramsey County cities and a link to a Minnesota Department of Revenue sales tax rate map

- St. Paul: 9.875%; including a 1.5% city tax
- Roseville: 8.875%; including a .5% city tax
- All other Ramsey County cities: 8.375%; no city tax
- <https://taxmaps.state.mn.us/salestax/>

As mentioned above, the sales tax may only be used for "regionally significant" projects which are specifically listed in the approvals. A recommended focus for the use of sales tax funds would be to pay for parks amenities which are used by those outside of the Shoreview community in addition to our residents. This could include the following:

- Existing facilities needing additional investments
 - Shoreview Community Center
 - Facility and amenity expansion
 - Access/security improvements
 - HVAC systems, elevator
 - Rice Creek Fields
 - Baseball fields throughout the system
 - ADA upgrades throughout the system
- New facilities outlined in the adopted Park System Master Plan
 - McCullough Park renovation including splash pad
 - Trail connections

Should the city council desire to move forward with a request to the legislature the next steps would be the following:

1. Develop a proposed project list and cost estimate (this would likely require some consultant assistance)
2. Consider hiring a consultant to complete some polling work to see if there is community support
3. Meet with legislators to obtain support
4. Finalize project list and language for adoption
5. Adopt a resolution proposing the tax
6. Seek legislative approval in the 2027 legislative session

The City Council should consider this information and provide direction to staff on any next steps forward.

RECOMMENDATION

ATTACHMENTS

[Process to Obtain Local Sales Tax Authority - League of Minnesota Cities.pdf](#)
[Local Option Sales Tax Analysis for Shoreview MN.pdf](#)