

**CITY OF LAKE ELMO  
WASHINGTON COUNTY, MINNESOTA**

**RESOLUTION NO. 99-21**

**RESOLUTION SUPPORTING REPEAL OF THE STATE SALES  
TAX FOR LOCAL GOVERNMENT PURCHASES**

**WHEREAS**, the Legislature imposed the sales tax on local governments in 1992 when facing a significant state budget deficit; and

**WHEREAS**, the state government has collected hundreds of millions of dollars in sales tax since 1992 on local government purchases of items such as road maintenance equipment, wastewater treatment facilities, and building materials; and


**WHEREAS**, the sales tax on local government purchases is passed on to residents in the form of higher property taxes and fees; and

**WHEREAS**, the state's financial picture has improved dramatically and the need for the sales tax no longer exists; and


**WHEREAS**, Minnesota is one of only seven states which impose sales tax on local government purchases; and

**WHEREAS**, imposing the sales tax on local government purchases is an inefficient way to raise state revenues, especially where sales tax is paid for bonding projects with accompanying interest costs;

**NOW, THEREFORE, BE IT RESOLVED**, that the Lake Elmo City Council encourages its state legislators to support the repeal of the sales tax on local governments.

  
\_\_\_\_\_  
Lee Hunt, Mayor

ATTEST:

  
\_\_\_\_\_  
Mary Kueffner, City Administrator

Date

The Honorable (Fname) (Lname)  
Minnesota House of Representatives  
\*\*\* State Office Building  
St. Paul, MN 55155

Dear Representative/Senator (Lname):

The City of \_\_\_\_\_ encourages you to support H.F. 52 (Haas)/S.F. 330 (Stevens) and other bills that would re-exempt local government purchases from the sales tax.

The sales tax on local government purchases was extended by the legislature in 1992 at a time when the state was experiencing a severe budget shortfall. With recent budget forecasts that indicate a substantial state budget surplus in the foreseeable future, the state can afford to eliminate the sales tax on local purchases.

Exempting local government purchases would save cities, counties and townships an estimated \$80 million per year that ultimately results in higher property taxes and user fees. *[If your city has the actual or estimate of the sales tax paid last year, you should include that figure in the letter].*

We encourage state legislators to support the repeal of the sales tax on local governments.

Sincerely,