

General steps for imposing a local sales tax after July 1, 2019

In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

1. The governing body of a political subdivision must pass a resolution proposing the tax and stating the:
 - a. proposed tax rate;
 - b. a detailed description of no more than five capital projects to be funded by the tax;
 - c. documentation of the regional significance of each project including the benefits to nonlocal persons and businesses;
 - d. the amount of revenue to be raised for each project and the estimated time to raise that amount; and
 - e. the total to be raised for all projects and the anticipated expiration date for the tax.
2. The political subdivision must submit the resolution and documentation on regional significance of each project to the chairs and ranking minority members of the House and Senate tax committees by January 31 of the year that it seeking the special law.
3. Working with a legislator, the political subdivision must request and get enacted a special law authorizing imposition of the tax.
4. The political subdivision must file local approval with the secretary of state before the start of the next regular legislative session after the session in which the enabling law is enacted.
5. The political subdivision must receive voter approval at a general election within two years of receiving the local sales tax authority before it can impose the tax. A separate question must be held for each project and only the ones approved by voters may be funded by the sales tax. The authorized revenue to be raised and length the tax is imposed is reduced for any project that is not approved by the voters.
6. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

Note: The political subdivision may not spend money to promote passage of a local sales tax. It may only spend money to (1) disseminate information from the required resolution, (2) hold public forums on the issue, provided that proponents and opponents are given equal time to express their opinions, (3) provide facts on the proposed projects and the impact of the proposed tax on consumers, and (4) conduct the required referendum.