

Agreement Between the Minnesota Department of Revenue and Mower County for Collection of a Transit Sales And Use Tax

Introduction

This agreement concerns administration of local taxes identified below:

- Mower County transit sales tax
- Mower County transit use tax

The above taxes are authorized by Laws of Minnesota Chapter 297A.993. The taxes are imposed by Mower County Resolution No. 44-16.

Administration, collection and enforcement

The Department of Revenue will administer, collect and enforce the Mower County taxes identified in the introduction, as authorized under Minnesota Statutes, section(s) 297A.99 and any other authorizing statutes as authorized by the above referenced Resolution. The administration, collection and enforcement process will follow existing statutes (Minnesota Statutes, Chapters 297A, 289A, and 270C) and rules administered by the Department (including Chapter 8130) and administrative procedures used by the Department to administer, collect and enforce the Minnesota state sales and use tax.

Registration of vendors

The Department of Revenue will handle automatic registration of vendors. Accounts that are currently registered for state sales and use tax who have a ZIP Code in the Mower County tax jurisdiction will be registered for the Mower County taxes. We will mail an informational notice to these businesses notifying them that they have been automatically registered for the Mower County taxes identified in the introduction.

The Department will notify all vendors that are registered for state sales and use tax and the general public about the Mower County taxes by posting a notice on the Department of Revenue's website (www.revenue.state.mn.us). Other notifications will be made at the time of registration, through newsletters and fact sheets.

Mower County acknowledges that there is no cost effective way to identify specific vendors located outside the Mower County taxing jurisdiction who are required to be registered for Mower County tax. Identification of these vendors will be voluntary by vendor response to general notifications by the Department and through other contacts the vendor has with the Department or the Streamlined Sales Tax Governing Board's (SSTGB) central registration system.

Publicity and education

The Department of Revenue is responsible for educating vendors that are registered for state sales and use tax of their ongoing obligations to collect and remit Mower County taxes covered by this agreement. The Department is also responsible for informing newly registered businesses of their obligations to collect and remit taxes covered by this agreement.

Mower County and the Department may work together to develop educational or administrative methods, using resources available, to enhance compliance. For example, Mower County may furnish

an electronic file containing license information to the Department so that a match can be made to determine if all license holders are properly registered and collecting Mower County sales and use tax.

If Mower County maintains an official website, it will display on its main home page a link to a notice that residents and businesses in the political subdivision may owe a local use tax on purchases of goods and services made outside of the political subdivision limits. The notice will provide information, including a link to any relevant page on the Department's website (www.revenue.state.mn.us), on how the taxpayer may get information and forms necessary for calculating and paying the tax.

Additionally, if Mower County provides and bills for sewer, water, garbage collection or other public utility services, the billing statement will include at least once per year a notice that residents and businesses may owe a local use tax on purchases made outside of the political subdivision limits and provide information on how the taxpayer may get information and forms necessary for calculating and paying the tax.

Returns and remittance

Vendors will remit Mower County taxes covered by this agreement as part of their Minnesota sales and use tax returns, which include simplified electronic returns (SER's) authorized by the SSTGB. Monies collected by the Department will be deposited in the State Treasury and credited to a special account. The Department will draw from this account to recover Department costs as provided in this agreement, and to transmit collections to Mower County. Mower County will accrue no interest on this amount.

Transmittal of tax

The Department will transmit the taxes reported on returns to Mower County monthly through the automatic clearing house system. For each month of collection, two transmittals will be made. The first will be approximately five business days after month end. The final transmittal will be approximately 40 days after month end. The Department will retain, from the final monthly payment, a fee for administering, collecting and enforcing the taxes as provided in this agreement.

Reporting

When the final monthly transmittal is made, a report will be sent to Mower County indicating the total amount of Mower County taxes reported, corresponding adjustments made, prior month corrections and administrative fees retained.

The Department will give Mower County, on request, but no more than once a year, a report showing information about taxpayers located within the Mower County taxing area and the amount of taxes remitted.

Disclosure

The Department will give Mower County a copy of Minnesota Statutes, Chapter 270B, Tax Data, Classification and Disclosure. Mower County understands that any individual account information given to its officials and representatives ("taxing officials") in connection with local sales and use taxes is subject to the classification and disclosure provisions of this chapter, and that pursuant to Minnesota Statutes, Section 270B.12, subdivision 2, such information can only be used to the extent necessary to administer the Mower County sales or use tax.

If Mower County requests a report showing individual account information about Mower County taxes, the Department will conduct disclosure training to Mower County.

Inspection of records and audit information

Mower County may inspect and audit all data records relating to their local tax, the cost of collection of the taxes and the performance by the Department under this agreement.

Reimbursement of costs

The Department will review their direct and indirect costs for administering, collecting and enforcing local taxes once every five years and adjust costs as warranted. If changes are required the Department will notify Mower County of the estimated cost for administering, collecting and enforcing the local taxes by January 1st of the year prior to the beginning of the State's fiscal year when the change will be implemented. Total local tax costs are shared by all local jurisdictions based on their share of total revenues and total tax lines reported on Minnesota sales and use tax returns. The Department weights each jurisdiction's percentage of revenue by 1/3 and their percentage of tax lines by 2/3 to compute their monthly percentage of total administrative costs.

Example:

Assume monthly totals for all Local Sales Taxes:

Total Tax revenues	\$20,000,000.00
Total Tax lines on returns	90,000
Total Administrative costs	\$200,000.00

If Local Tax A has revenues of \$1,600,000.00 (8% of the total) and 9,000 tax lines (10% of the total) their share of monthly expenses would be 9.34% or \$18,680.00, which represents approximately 1.17% of their monthly revenues. The following is how the 9.34% was calculated:

$$\begin{array}{r} 8\% \times 1/3 = 2.67\% \\ 10\% \times 2/3 = \underline{6.67\%} \\ 9.34\% \end{array}$$

Final transmission

When a tax ends, the Department may retain 20 percent of gross receipts for the final month, to be used as a fund to make adjustments or refunds. The portion of this fund that is not used for refunds or adjustments will be transmitted to Mower County at the close of the period of limitations provided in Minnesota Statutes, section 289A.40. If the funds are not sufficient to cover refunds and adjustments, Mower County must provide the Department with sufficient funding to process all closing adjustments.

Annual meeting

Mower County and the Department may meet annually, at a mutually convenient time, to review performance under this agreement and their mutual relationship in the administration of Mower County taxes identified in the introduction.

Responsibilities

When the boundary limits for Mower County change, it is the responsibility of Mower County to provide the Department of Revenue with the updated nine-digit ZIP Code information. The Department of Revenue will only update the Mower County ZIP Code guide upon receiving this information.

If Mower County updates or amends the County Resolution relating to the Mower County tax, Mower County must provide the Department of Revenue with a signed copy of the revised or amended Resolution.

Mower County must confirm with the Department of Revenue current contact information annually and advise when changes occur in Mower County contact information. This includes, but is not limited to, the contact person, phone number, address and email.

Effective date

This agreement is effective the day following imposition of the tax and supersedes any previous agreement.

Modifications

This agreement may be modified if the modification is in writing, signed by the Commissioner of Revenue and an authorized representative of Mower County.

Minnesota Department of Revenue

Signature:  _____

Cynthia Bauerly
Commissioner of Revenue

Date:  _____

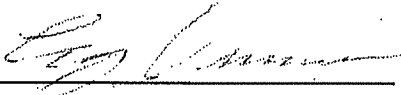
Mower County Representative

Signature:  _____

Print Name: Tim Gabrielson

Print Title: MC Board Chair

Date: 11-28-17

Signature:  _____

Print Name: Craig Oscarson

Print Title: County Coordinator

Date: 11.28.17