

New State Sales Tax Rate Effective July 1, 2009

Effective July 1, 2009, the state general sales and use tax rate increases from 6.5% to **6.875%** - an increase of 3/8^{ths} of one percent. The new 6.875% state rate applies to all transactions subject to Minnesota sales or use tax. The new state rate must be combined with any applicable local taxes to arrive at the total rate imposed.

New General Sales Tax Rates as of July 1, 2009 for sales made on University of Minnesota campuses:

| Location of Sale | Minneapolis Campus | *St. Paul Campus | Duluth Campus | Crookston Campus | Morris Campus | Rochester Campus |
|---------------------------|--------------------|------------------|---------------|------------------|---------------|------------------|
| Total Rate Imposed | 7.775% | 7.125% | 7.875% | 6.875% | 6.875% | 7.375% |

Rate Breakdown

| | Minneapolis Campus | *St. Paul Campus | Duluth Campus | Crookston Campus | Morris Campus | Rochester Campus |
|---------------------|--------------------|------------------|---------------|------------------|---------------|------------------|
| State General Rate | 6.875% | 6.875% | 6.875% | 6.875% | 6.875% | 6.875% |
| Transit Improvement | .25% | .25% | | | | |
| Hennepin County | .15% | | | | | |
| Minneapolis | .5% | | | | | |
| Duluth | | | 1% | | | |
| Rochester | | | | | | .5% |
| Total: | 7.775% | 7.125% | 7.875% | 6.875% | 6.875% | 7.375% |

**Remember that the St. Paul campus is located in Falcon Heights – the St. Paul local tax does not apply.*

A sales tax rate calculator is available on the Minnesota Department of Revenue website at the following link:
<http://www.taxes.state.mn.us/taxcalc/index.shtml>

By entering an address with a 9-digit zip code, you can obtain the sales tax rate imposed for a specific address.

There are transitional rules that apply to contracts entered into prior to the July 1, 2009 effective date for the new higher tax rate. If you need assistance in determining the correct rate, please contact the University of Minnesota Tax Management Office at 612-624-1053 or send an e-mail to taxhelp@umn.edu.

Background:

In November, 2008, Minnesota voters approved a constitutional amendment to increase the sales tax rate, with the resulting revenues dedicated to supporting the following purposes:

- 33% to restore, protect and enhance wetlands, prairies, forests and habitat for fish, game and wildlife;
- 33% to protect, enhance and restore water quality in lakes, rivers and streams and to protect groundwater from degradation (at least five percent of this amount must be spent only to protect drinking water sources);
- 14.25% to support Minnesota's parks and trails; and
- 19.75% for the arts and cultural heritage purposes.