

MINNESOTA • REVENUE

SALES AND USE TAX Animal Sales by Nonprofit Shelters

January 21, 2011

Department of Revenue
Analysis of H.F. 36 (Garofalo)

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
	(000's)			
General Fund (6.5%)	(\$290)	(\$320)	(\$340)	(\$350)
Natural Resources and Arts Funds (0.375%)	<u>(\$16)</u>	<u>(\$19)</u>	<u>(\$19)</u>	<u>(\$20)</u>
Total - All Funds	(\$306)	(\$339)	(\$359)	(\$370)

Effective for sales made after June 30, 2011.

EXPLANATION OF THE BILL

Current Law: Retail sales of animals are normally subject to sales tax.

Proposed Law: The bill would exempt animal sales by organizations exempt under Internal Revenue Code Section 501(c) provided that the organization's main purpose is animal rescue. To qualify for the exemption, the selling price of the animal cannot exceed reasonable costs in caring for the animal prior to sale.

REVENUE ANALYSIS DETAIL

- This revenue estimate is based on adoption fee and revenue information from Federal Form 990's filed by Minnesota based 501(c) corporations who list their business as animal protection and welfare.
- Annual adoption fee change is based on the percent change in personal consumption expenditures in the January 2011 Global Insight forecast.
- The estimate for fiscal year 2012 reflects eleven months of impact in the first year from an effective date of June 30, 2011.

Number of Taxpayers: Unknown

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

hf0036_1/pja