

MINNESOTA • REVENUE

SALES AND USE TAX CORPORATE FRANCHISE TAX Repeal Delay in Payment of Refunds

March 9, 2011

Department of Revenue
Analysis of H.F. 935 (Davids)

	Yes	No
DOR Administrative Costs/Savings		X

EXPLANATION OF THE BILL

The bill would repeal the requirement that the Department of Revenue hold \$152 million in corporate franchise and sales and use tax refunds from fiscal year 2011 and pay them in fiscal year 2012.

REVENUE ANALYSIS DETAIL

- The February 2011 forecast includes \$205.9 million in delayed refunds and \$900,000 in interest on those refunds.
- Legislative action accounts for \$152 million of the total refunds that are forecast to be delayed. Executive action accounts for \$53.9 million of the total refunds that are forecast to be delayed.
- The \$205.9 million in refunds forecast to be delayed is composed of \$133.9 in sales tax refunds and \$72 million in corporate tax refunds.
- It is understood that when this legislation is enacted, both types of delayed refunds would be released.
- If delayed refunds were released on March 15, 2011, the total interest paid would be reduced from \$900,000 in fiscal year 2012 to \$100,000 in fiscal year 2011.
- The actual date of final enactment will determine the total interest paid.

General Fund impact if all delayed refunds are released on March 15, 2011:

	FY 2011	FY 2012
	(000's)	
Legislative Action	(\$152,000)	\$152,000
Executive Action	(\$53,900)	\$53,900
Interest Impact	(\$100)	\$900
General Fund Total	(\$206,000)	\$206,800

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

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