

MINNESOTA • REVENUE

SALES AND USE TAX Streamlined Sales and Use Tax Conformity

April 12, 2011

Senate Author Added

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 1005 (Anderson, S.) / S.F. 1006 (Chamberlain)

Section 1 and 2 are effective the day following final enactment.

Sections 3 and 4 are effective for sales and purchase made after June 30, 2011.

EXPLANATION OF THE BILL

Minnesota has participated in the national Streamlines Sales and Use Tax Agreement since 2002. The bill provides language to help Minnesota stay in conformity with the Agreement.

Sections 1 and 2 provide transitional language for taxable services when there is a tax rate change and the service covers a period beginning before and ending after the effective date of the rate change.

Sections 3 and 4 deal with the sales tax sourcing (i.e., determining to what jurisdiction tax is owed) of direct mail. The bill amends current law by creating separate categories for “advertising and promotional direct mail” and “other direct mail”. Advertising and promotional direct mail that remains in the state would be taxable in Minnesota; if it is delivered out of state it would not be taxable in Minnesota. Under the newly created definition of other direct mail, the sourcing default would be to the purchaser’s address.

REVENUE ANALYSIS DETAIL

- The bill would have no revenue impact because the proposed amendments do not make changes that conflict with current law or policy.

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

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