

MINNESOTA · REVENUE

SALES AND USE TAX Credit Unions

March 15, 2002

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2751 (Stang), 1st Engrossment

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
General Fund		No impact	(000's)	No impact

Assumed effective August 1, 2002.

EXPLANATION OF THE BILL

Current Law: Federally chartered credit unions are exempt from income taxes and state sales taxes. Minnesota chartered credit unions are exempt from income tax but must pay sales or use tax on taxable purchases.

Proposed Law: The bill amends M.S. chapter 50, the statute governing state chartered credit unions. Section 5 provides that, upon approval by the Minnesota Department of Commerce, a state chartered credit union may exercise the powers and activities of a federal credit union.

REVENUE ANALYSIS DETAIL

The Department of Revenue believes that the language of section 5 does not have the effect of granting state credit unions a sales tax exemption. Therefore, no fiscal impact is shown.

ADMINISTRATIVE/OPERATIONAL IMPACT

Enactment of this bill have no administrative or operational costs to the Department of Revenue.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

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