

MINNESOTA • REVENUE

SALES AND USE TAX Biomass Fuel Stoves

April 7, 2004

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

Department of Revenue
Analysis of S.F. 3011 (Rosen)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	(\$600)	(\$690)	(\$730)

Effective for sales and purchases made after June 30, 2004

EXPLANATION OF THE BILL

Current Law: Stoves, furnaces, and other heating appliances are now subject to sales or use tax. Grain dryers used in agricultural production are exempt.

Proposed Law: The bill exempts stoves designed to burn agricultural products or other biomass fuels.

REVENUE ANALYSIS DETAIL

- The estimate was based on information from government and private sources.
- Approximately 4,000 stoves were sold statewide in the 2003-2004 heating season.
- The average price was estimated at \$2,400 per unit.
- Annual growth for fiscal years 2005 through 2007 was estimated at 5.5%.
- The estimate for FY 2005 was adjusted for the July 1 effective date, which would result in 11 months of revenue impact.

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