

# MINNESOTA • REVENUE

## SALES AND USE TAX Ready-to-Eat Meat and Seafood

March 16, 2005

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

Department of Revenue  
Analysis of H.F. 1392 (Nelson, P.) / S.F. 1571 (Rest)

### Fund Impact

	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	(\$325)	(\$795)	(\$815)	(\$840)

Effective January 1, 2006

### EXPLANATION OF THE BILL

**Current Law:** Ready-to-eat meat and seafood in an unheated state sold by weight is excluded from the definition of taxable prepared food. These items are treated as exempt grocery products. The current exemption expires after December 31, 2005.

**Proposed Law:** The bill repeals the expiration date for the exemption, leaving the current exemption of ready-to-eat meat and seafood in place.

### REVENUE ANALYSIS DETAIL

- The estimate was based on 1997 Economic Census data for grocery stores (including supermarkets and delicatessens) and specialty food stores, which include meat markets and fish and seafood markets.
- Sales by both categories of stores of merchandise line 0107: delicatessen items, defined as deli meats and other delicatessen items only, were summed.
- The portion of sales attributed to ready-to-eat meat and seafood was broken out.
- The estimate from the national data was apportioned to Minnesota at 1.751%, the state's share of U.S. population in 1997.
- Annual growth rates were based on nominal consumer spending on off-premises consumption of food and beverages.
- The revenue estimates were adjusted for an effective date of January 1, 2006, giving a partial year impact in fiscal year 2006.

**Number of Taxpayers:** Not known

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)