

# MINNESOTA • REVENUE

## SALES AND USE TAX Voting Equipment

April 6, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 3180 (Higgins) / H.F. 3669 (Brod)

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	(\$2,275)	\$0	\$0

(000's)

Effective for purchases between January 1, 2006, and January 1, 2008

### EXPLANATION OF THE BILL

**Current Law:** With the exception of school districts, sales to local units of government are generally subject to the sales and use tax.

Current law requires that voting systems for disabled voters be available for use in federal and state elections held after December 31, 2005, and in county, municipal, and school district elections held after December 31, 2007

**Proposed Law:** The bill exempts voting equipment purchased by counties in order to comply with the federal Help America Vote Act (HAVA) of 2002.

### REVENUE ANALYSIS DETAIL

- The analysis was based on information from the Secretary of State's office and a county representative.
- In 2005 the Minnesota Legislature appropriated \$35 million in federal funds for use by counties to upgrade their voting equipment, under specifications set by the Secretary of State, in order to comply with the federal HAVA law. The Secretary of State has already disbursed most of the \$35 million in grants to the counties.
- Approximately 92.9% of the money will be spent on voting equipment; the remainder is for nontaxable expenses such as custom programming and equipment storage.
- It was estimated that counties will encumber 80% of the grant money in orders to the approved equipment vendor in fiscal year 2006 with the remaining 20% of orders taking place in fiscal year 2007.
- In addition, it was estimated that counties will spend \$2.5 million from local funds on HAVA-related voting equipment, also in fiscal year 2007.
- Total exempt expenditures were estimated at \$35.015 million.
- The total revenue impact at 6.5% is \$2.275 million.

**REVENUE ANALYSIS DETAIL (cont.)**

- It was assumed that any tax paid during fiscal year 2006 would be refunded to counties in fiscal year 2007.

**Number of Taxpayers:** All 87 counties would likely benefit from the exemption.

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)