

# MINNESOTA • REVENUE

## SALES AND USE TAX Vending Machines: Milk and Water

April 3, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 3690 (Pogemiller)

	<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	(\$340)	(\$380)	(\$395)

Effective July 1, 2006

### EXPLANATION OF THE BILL

The gross receipts from all food and beverages sold from vending machines are currently taxable. The bill would exempt the gross receipts from vending machine sales of milk and water.

### REVENUE ANALYSIS DETAIL

- Based on national data and information from the vending industry, Minnesota vending machine sales in 2002 were approximately \$250 million.
- For water, it was assumed that the proposal applies to noncarbonated and unsweetened water only.
- It was estimated that milk and water account for 2% of current vending machine sales.
- Annual growth from a 2002 base was estimated at 3%.
- The estimate for fiscal year 2007 was adjusted for an effective date of July 1, with 11 months of impact in the first year.

**Number of Taxpayers:** Approximately 75 vending machine operators

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)