MINNESOTA · REVENUE

SALES AND USE TAX
Tires for Logging Equipment

March 22, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1979 (Olson, M.) / H.F. 2228 (Anzelc)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
		(000's)		
General Fund	($28)	($34)	($34)	($34)

Effective August 1, 2007.

EXPLANATION OF THE BILL

Repair and replacement parts for farm machinery and logging equipment, except tires, are exempt under current law.

The bill would exempt replacement tires for logging equipment.

REVENUE ANALYSIS DETAIL

- A forest industry representative surveyed seven large dealers of logging equipment in northern Minnesota. These dealers remitted approximately $27,100 in sales tax in 2006.
- The analysis assumed that the above tax amount accounts for 80% of the potential sales tax at issue, for a total 2006 estimated tax amount of $33,900.
- The estimate is held constant over the next four fiscal years because the forestry/wood products sector has experienced a recent decline.
- The fiscal year 2008 estimate was adjusted for an effective date of August 1 (10 months of impact in the first year).

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

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