

# MINNESOTA • REVENUE

## SALES AND USE TAX Repair, Warehouse, Storage Services Telecommunications Equipment

February 21, 2014

Department of Revenue  
Analysis of H.F. 1973 (Wills)

	Yes	No
DOR Administrative Costs/Savings	X	

	<b>Fund Impact</b>			
	<b><u>F.Y. 2014</u></b>	<b><u>F.Y. 2015</u></b>	<b><u>F.Y. 2016</u></b>	<b><u>F.Y. 2017</u></b>
	(000's)			
Electronic and Commercial Equipment				
Repair and Maintenance	(\$70,700)	(\$81,700)	(\$88,000)	(\$94,700)
Warehousing and Storage Services	(\$13,000)	(\$82,400)	(\$88,800)	(\$95,600)
Telecommunications Equipment	(\$30,400)	(\$36,200)	(\$39,500)	(\$42,700)
General Fund Total	(\$114,100)	(\$200,300)	(\$216,300)	(\$233,000)
Electronic and Commercial Equipment				
Repair and Maintenance	(\$4,100)	(\$4,700)	(\$5,100)	(\$5,500)
Warehousing and Storage Services	(\$700)	(\$4,800)	(\$5,100)	(\$5,500)
Telecommunications Equipment	(\$1,800)	(\$2,100)	(\$2,300)	(\$2,500)
Natural Resources and Arts Funds Total	(\$6,600)	(\$11,600)	(\$12,500)	(\$13,500)
Total – All Funds	(\$120,700)	(\$211,900)	(\$228,800)	(\$246,500)

Repeal of the tax on warehousing and storage services is effective the day following final enactment. Other provisions are effective retroactively for sales and purchases made after June 30, 2013.

### EXPLANATION OF THE BILL

This bill would repeal the imposition of the sales and use tax on electronic, commercial, and industrial equipment repair services and on warehousing and storage services. The bill would also reinstate the sales tax exemption for telecommunications machinery and equipment. The bill would allow the purchaser to claim a refund of any sales and use taxes that have been paid since these services and equipment became taxable.

### REVENUE ANALYSIS DETAIL

- This estimate is based on the Minnesota Consumption Tax Model and analysis completed for the 2013 legislative session.
- This estimate assumes that all refunds for previously paid sales and use taxes would be paid in fiscal year 2014. If the bill is enacted before April 1, 2014, the tax on warehousing and storage services would not go into effect.

Source: Minnesota Department of Revenue  
Tax Research Division  
[www.revenue.state.mn.us/research\\_stats/Pages/Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)