

MINNESOTA • REVENUE

SALES AND USE TAX Commercial and Industrial Equipment Repair Services

February 20, 2014

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2123 (Quam)

	Fund Impact			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
	(000's)			
General Fund	(\$39,900)	(\$46,300)	(\$50,200)	(\$54,200)
Natural Resources and Arts Funds	(\$2,300)	(\$2,700)	(\$2,900)	(\$3,200)
Total – All Funds	(\$42,200)	(\$49,000)	(\$53,100)	(\$57,400)

Effective retroactively for sales and purchases made after June 30, 2013.

EXPLANATION OF THE BILL

This bill would repeal the sales and use tax on repairing commercial and industrial machinery and equipment. The sales tax was imposed on these services in the 2013 legislative session, effective July 1, 2013. This bill would allow for the purchaser to claim a refund of any sales and use taxes that have been paid since these services became taxable on July 1, 2013.

REVENUE ANALYSIS DETAIL

- This estimate is based on the Minnesota Consumption Tax Model and analysis that was conducted during the 2013 legislative session.
- This estimate assumes that all refunds for previously paid sales taxes will be refunded in fiscal year 2014.

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)

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