

MINNESOTA • REVENUE

SALES AND USE TAX Amnesty for Animal Shelters

March 14, 2014

Department of Revenue
Analysis of H.F. 2323 (Gunther) / S.F. 2173 (Rosen)

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
		(000's)	
		----- Unknown -----	

General Fund

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill would provide sales tax amnesty to any nonprofit organization that is primarily engaged in the business of rescuing, sheltering, and finding homes for unwanted animals if the organization registers and begins collecting the sales and use tax within four months of enactment. The amnesty applies to organizations that are currently not registered to collect the sales tax and to organizations that are currently under audit if the audit is not yet finally resolved, provided that the organization was not registered to collect sales and use tax at the time of the audit. The amnesty program would not apply for sales and use taxes already paid or remitted to the state or to sales taxes already collected by the seller.

REVENUE ANALYSIS DETAIL

- It is expected that sales and use tax is being collected and remitted on most animal shelter sales. There are 212 animal protection and welfare service organizations in Minnesota registered with the IRS as nonprofit entities.
- There are a small number of nonprofit organizations that have received notice of audit, had not registered to collect sales and use tax at the time of the audit, and have not resolved their outstanding assessment/liability.
- In addition, there could be other animal shelters that would come forward under this amnesty program and begin collecting and remitting sales tax on the sales of animals.
- For these reasons, the revenue impact is unknown.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

hf2323(sf2173) / smd, rrs