

January 28, 2019

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 157 (Brand) / S.F. 428 (Little)

	Fund Impact			
	F.Y. 2020	F.Y. 2021	F.Y. 2022	F.Y. 2023
	(000's)			
General Fund	(\$400)	(\$440)	(\$450)	(\$460)
Natural Resources and Arts Funds	(\$20)	(\$30)	(\$30)	(\$30)
Total – All Funds	(\$420)	(\$470)	(\$480)	(\$490)

Effective for sales and purchases made after June 30, 2019.

EXPLANATION OF THE BILL

The bill would create a sales and use tax exemption for sales of prepared food to nonprofit organizations that sponsor or manage meals through the federal Child and Adult Care Food Program (CACFP) to unaffiliated sites and centers. An unaffiliated center is one in which the sponsor and the site are operated by different legal entities. Only prepared food purchased from a caterer or other business under contract with the nonprofit and used directly in the CACFP would qualify for the exemption.

REVENUE ANALYSIS DETAIL

- The enrollments and meal costs are based on CACFP information received from the Minnesota Department of Education and federal CACFP reimbursement rates.
- It is estimated that the qualifying child care center daily enrollment is 5,800. The average cost of a child care meal is estimated to be \$3. The average cost of a child care snack is estimated to be \$1.
- Most CACFP sites are open five days a week. At-risk after school sites are typically not open during the summer months. The estimates assume meals are served 180 days per year at qualifying child care centers.
- Growth rates for consumer prices from IHS Markit are applied.
- The estimates for fiscal year 2020 are adjusted for eleven months of collections.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx