

February 4, 2019

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of S.F. 329 (Relph)

	Fund Impact			
	F.Y. 2020	F.Y. 2021	F.Y. 2022	F.Y. 2023
	(000's)			
General Fund	(\$7,800)	(\$200)	(\$200)	(\$200)
Natural Resources and Arts Funds	(\$400)	(negl.)	(negl.)	(negl.)
Total – All Funds	(\$8,200)	(\$200)	(\$200)	(\$200)

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

EXPLANATION OF THE BILL

Current Law: Taxpayers liable for the general sales and use tax that have a liability of \$250,000 or more during the fiscal year ending June 30 must pay 81.4% of the estimated June liability two business days before June 30. Any additional tax not remitted in June is due by the normal due date the following month.

Proposed Law: The bill would exclude certain vendors of construction materials from the requirement to make a June accelerated payment. The excluded vendors would be businesses in the following North American Industrial Classification System (NAICS) classifications: saw mills and wood preservation (NAICS 3211); veneer, plywood, and wood products manufacturing (NAICS 3212); millwork manufacturing (NAICS 32191); cement and concrete product manufacturing (NAICS 3273); and lumber and other construction materials merchant wholesalers (NAICS 4233).

REVENUE ANALYSIS DETAIL

- The estimates are based on accelerated payments received in June 2018.
- The June accelerated payment exclusion creates a shift in revenue collections. The main impact occurs in the initial fiscal year as the accelerated payments normally received in the last month of the fiscal year are shifted to the following fiscal year. The impacts for subsequent years reflect the annual growth in payments shifted by the proposal.
- For payments in 2018, there were approximately 70 businesses that would have been excluded from June accelerated payments.

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