

**SALES TAX
EXCISE TAXES
Accelerated June Payments**

March 27, 2019

 Department of Revenue
 Analysis of H.F. 1809 (Theis)

	Yes	No
DOR Administrative Costs/Savings	x	

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
	(000's)			
General Sales Tax	(\$268,600)	(\$8,900)	(\$9,200)	(\$7,200)
Cigarette Excise and Sales Taxes	(\$26,400)	\$200	\$200	\$200
Tobacco Products Excise Tax	(\$6,200)	(\$200)	(\$200)	(\$200)
Alcoholic Beverages Excise Taxes	(\$7,100)	(\$100)	(\$100)	(\$100)
General Fund Total	(\$308,300)	(\$9,000)	(\$9,300)	(\$7,300)
Natural Resources and Arts Funds	(\$17,800)	(\$500)	(\$500)	(\$400)
Total – All Funds	(\$326,100)	(\$9,500)	(\$9,800)	(\$7,700)

Effective beginning with June 2020 liabilities.

EXPLANATION OF THE BILL

Current Law: Taxpayers that are liable for the general sales and use tax, the cigarette excise taxes, the tobacco products excise tax, and the alcoholic beverages taxes, and that have a liability of \$250,000 or more during a fiscal year ending June 30, must pay 81.4% of the estimated June liability two business days before June 30. Several safe harbor provisions apply for taxpayers unable to pay 81.4% of their June liability in June. Any additional tax not remitted in June is due by the following August 20th for the sales tax and August 18th for the other taxes.

Proposed Law: The bill repeals the requirement to make accelerated June payments.

REVENUE ANALYSIS DETAIL

- The estimates are based on accelerated payments received in June 2018.
- The June 2018 amounts were increased annually by the gross receipts of each of the affected taxes based on the February 2019 state revenue forecast.
- The June accelerated payment repeal 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 that year (June) are shifted into the following fiscal year. The impacts for subsequent years reflect the annual growth in payments shifted by the proposal.
- There are approximately 2,900 returns that would be affected.

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