

March 19, 2021

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 1982 (Nelson)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day following enactment. The private letter ruling program must be established by January 1, 2022.

EXPLANATION OF THE BILL

The bill requires the Department of Revenue to establish a program to issue private letter rulings to provide guidance to taxpayers on how the Department will apply tax law to a specific transaction or situation. Issuance of such rulings would be mandatory, except for subjects where the Commissioner determines that the issuance of a ruling would hinder sound tax administration. While a letter ruling would have no precedential effect, it would be binding as to the taxpayer applicant. The Commissioner may impose a fee to recover the cost of preparing the private letter rulings, up to a maximum unspecified amount.

The bill requires a biennial report to the legislature on the private letter ruling program. The first report is due January 31, 2024; all subsequent reports are due by January 31 of each odd-numbered year.

REVENUE ANALYSIS DETAIL

- No fiscal impacts are shown because tax liability does not change under the bill.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)