DEPARTMENT OF REVENUE

SALES AND USE TAX
Nonprofit Animal Shelters

February 6, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 107 (Olson) /S.F. 1139 (Weber)

	Fund Impact			
	F.Y. 2024	**F.Y. 2025**	**F.Y. 2026**	**F.Y. 2027**
	($000s)			
General Fund	($1,470)	($1,600)	($1,700)	($1,700)
Natural Resources and Art Fund	($90)	($100)	($100)	($100)
Total – All Funds	($1,560)	($1,700)	($1,800)	($1,800)

Effective for sales made after June 30, 2023.

EXPLANATION OF THE BILL

The bill would exempt from the sales and use tax the following purchases by nonprofit animal shelters: 1) purchases made by animal shelters if the purchases are used directly in the activities of rescuing, sheltering, and finding homes for unwanted animals, 2) the sale or adoption of animals and the sale of associated animal supplies and equipment by animal shelters, and 3) sales made by and events run by an animal shelter for fund-raising purposes, including the sale of prepared food, candy, and soft drinks at fund-raising events.

REVENUE ANALYSIS DETAIL

- The estimates are based on information from Federal Form 990 filings of animal protection and welfare service organizations in Minnesota. These organizations are registered as nonprofits with the Internal Revenue Service (IRS).
- There were 89 Minnesota nonprofit animal protection and welfare service organizations registered with the IRS in 2021.
- Reported revenue and expenses from 2021 in the Form 990 filings was used.
- A growth rate of 2% is assumed.
- The fiscal year 2024 estimates are adjusted for eleven months of collections.

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