

April 25, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2719 (Engen) / S.F. 2752 (Coleman)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
		(000's)		
General Fund	(\$1,160)	\$0	\$0	\$0
Natural Resources and Arts Funds	(\$70)	\$0	\$0	\$0
Total – All Funds	(\$1,230)	\$0	\$0	\$0

Effective for sales and purchases made August 15, 2023 to August 21, 2023

EXPLANATION OF THE BILL

The bill would provide a sales tax holiday for the purchase of school supplies during the period from 12:01 a.m. on August 15, 2023, through 11:59 p.m. on August 21, 2023, on retail sale of the following:

- Book bags having a retail price of \$60 or less
- School supplies having a retail price of \$15 or less per item.

School supplies includes binders, calculators, cellophane tape, blackboard chalk, compasses, composition books, crayons, erasers, folders, glue, paste, glue sticks, highlighters, index cards boxes, legal pads, lunch boxes, markers, notebooks, poster board, construction paper, graph paper, tracing paper, manila paper, copy paper, loose-leaf rules paper, colored paper, pencil boxes, school supply boxes, pencil sharpeners, pencils, pens, protractors, rulers, scissors, and writing tablets.

REVENUE ANALYSIS DETAIL

- The estimates are based on information from U.S. Census Bureau and KPMG.
- According to KPMG, average per-student spending on back-to-school supplies is \$268.
- It is assumed that a portion of spending by families will happen beyond outside of the exempt period and that school employee purchases during the exempt period will offset that impact.
- It is assumed that non-student households and businesses will make eligible purchases during the exempt period, resulting in an additional 10% to the overall cost.
- February 2023 growth rates published by IHS Markit for consumer prices are used to estimate future purchases.

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