

March 20, 2024

*Revised for New Information*

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 3958 (Putnam) / H.F. 4486 (Brand)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
		(000's)		
General Fund	\$0	(\$1,780)	(\$1,950)	(\$2,150)
Natural Resources and Arts Funds	\$0	(\$100)	(\$110)	(\$120)
Total – All Funds	\$0	(\$1,880)	(\$2,060)	(\$2,270)

Effective for sales and purchases made after June 30, 2024.

**EXPLANATION OF THE BILL**

The bill would provide a sales and use tax exemption for prepared food sold by cottage food sellers.

**REVENUE ANALYSIS DETAIL**

- Information for the estimates was provided by the Minnesota Department of Agriculture.
- There were approximately 8,900 cottage food sellers registered with the Minnesota Department of Agriculture in 2023.
- Cottage food sellers cannot exceed \$78,000 in sales in a calendar year.
- There are two tiers of sellers based on their level of sales. Tier 1 accounts for sellers with less than \$7,666 sales in a calendar year. Tier 2 accounts for sellers with greater than \$7,666 and less than the \$78,000 cap.
- Tier 1 sellers account for an estimated 95% of total registrations.
- It is assumed that 50% of cottage food sales are already exempt.
- Total registrations are assumed to grow at a rate of 10%.
- Fiscal year 2025 estimates are adjusted for eleven months of collections.

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