

April 17, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 5258 (Brand) / S.F. 5334 (Putnam)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
General Fund	\$0	(\$3,020)	(\$3,530)	(\$3,750)
Natural Resources and Arts Funds	\$0	(\$170)	(\$200)	(\$220)
Total – All Funds	\$0	(\$3,190)	(\$3,730)	(\$3,970)

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

EXPLANATION OF THE BILL

Current Law: Telecommunications and pay television services machinery and equipment for use by a provider that is primarily in the provision of telecommunications or pay television services that are ultimately to be sold at retail are exempt from the sales and use tax.

Proposed Law: The bill would remove the word primarily from the telecommunications and pay television services machinery and equipment exemption.

REVENUE ANALYSIS DETAIL

- The estimates are based on telecommunications equipment expenditures from the latest Annual Capital Expenditures Survey by the Census Bureau.
- National expenditure data is apportioned to Minnesota based on Minnesota’s share of gross domestic product in the telecommunications industry.
- It is estimated that 5% of annual expenditures will be impacted by the bill.
- Growth Rates from IHS for communications equipment are used to project future growth.
- The 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>