

January 17, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F.34 (Rest)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
	(000's)			
General Fund	(\$7,700)	(\$8,700)	(\$9,000)	(\$9,200)
Natural Resources and Arts Funds	(\$400)	(\$500)	(\$500)	(\$500).
Total – All Funds	(\$8,100)	(\$9,200)	(\$9,500)	(\$9,700)

Effective for sales and purchases after June 30, 2025.

## EXPLANATION OF THE BILL

**Current Law:** Machinery, equipment, fixtures, and supplies used by food service establishments in the furnishing, preparing, or serving of prepared food or furnishing beverages is currently subject to sales tax.

**Proposed Law:** The bill proposes to exempt machinery, equipment, fixtures, and supplies purchased or leased by food service establishments used in the furnishing, preparing, or serving of prepared food and furnishing beverages from the sales tax.

## REVENUE ANALYSIS DETAIL

- The estimates are based on U.S Census Bureau information from the Annual Capital Expenditures Survey.
- It is assumed that the machinery, equipment, fixtures, and supplies proposed to be exempted constitute about 60% of the total equipment expenditures by the food service industry.
- Growth rates used during the forecast period come from IHS Markit.
- The fiscal year 2026 estimates are adjusted for eleven months of collections.

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