

February 24, 2025

Department of Revenue  
Analysis of S.F 44 (Rest) /H.F 386 (Norris)

	Yes	No
DOR Administrative Costs/Savings	X	

	<b>Fund Impact</b>			
	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
General Fund	(\$83,500)	(\$86,400)	(\$89,300)	(\$92,300)
Natural Resources and Arts Funds	<u>(\$4,800)</u>	<u>(\$5,000)</u>	<u>(\$5,200)</u>	<u>(\$5,300)</u>
Total – All Funds	(\$88,300)	(\$91,400)	(\$94,500)	(\$97,600)

Effective for sales and purchases made after June 30, 2025.

## EXPLANATION OF THE BILL

**Current Law:** Minnesota law does not provide a vendor allowance to sales tax filers.

**Proposed Law:** The bill creates a vendor allowance for retailers that make taxable sales.

The bill provides a vendor allowance to sellers if the tax minus the allowance is both filed and paid on time. Eligible taxes include all sales and use taxes collected by the retailer at all locations in Minnesota and excludes use taxes paid by the seller on the seller's own purchases. The vendor allowance per reporting period may not be less than \$10 or the amount of eligible taxes collected during the reporting period, whichever is less.

The vendor allowance is based on a percentage of eligible taxes and are based on the following thresholds.

- For vendors with sales tax liability less than \$60,000 in a fiscal year the percentage is one and one-half percent.
- For vendors with sales tax liability between \$60,000 and \$600,000 in a fiscal year, the allowance is \$900 plus one percent of the amount over \$60,000 but not over \$600,000.
- For vendors with sales tax liability above \$600,000 in a fiscal year, the allowance is equal to \$6,300 plus one half of one percent of the amount over \$600,000.

## REVENUE ANALYSIS DETAIL

- The estimate of the vendor allowance is based on recent sales tax liabilities.
- Annual growth is estimated using projected growth of the sales and use tax revenue from the November 2024 state revenue forecast.

Source: Minnesota Department of Revenue  
Tax Research Division  
[www.revenue.state.mn.us/research\\_stats/Pages/Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)