

**GROSS RECEIPTS TAX
Amusement Devices**

March 13, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 171 (Davids) / S.F. 1386 (Dibble)

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Sales Tax	(\$7,580)	(\$8,470)	(\$8,660)	(\$8,850)
Gross Receipts Tax	<u>\$7,580</u>	<u>\$8,470</u>	<u>\$8,660</u>	<u>\$8,850</u>
General Fund Total	\$0	\$0	\$0	\$0
 Sales Tax	 (\$440)	 (\$490)	 (\$500)	 (\$510)
Gross Receipts Tax	<u>\$440</u>	<u>\$490</u>	<u>\$500</u>	<u>\$510</u>
Natural Resources and Arts Funds Total	\$0	\$0	\$0	\$0
 Sales Tax	 (\$170)	 (\$190)	 (\$200)	 (\$200)
Gross Receipts Tax	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Housing Assistance Fund	(\$170)	(\$190)	(\$200)	(\$200)
 Sales Tax	 (\$90)	 (\$100)	 (\$100)	 (\$100)
Gross Receipts Tax	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Special Revenue Fund	(\$90)	(\$100)	(\$100)	(\$100)
 Total – All Funds	 (\$260)	 (\$290)	 (\$300)	 (\$300)

Effective July 1, 2025.

EXPLANATION OF THE BILL

Current Law: The privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices is subject to the sales and use tax.

Proposed Law: The bill would exempt amusement devices from the sales and use tax. The bill would impose a gross receipts tax on amusement devices at a rate of 6.875%. The proceeds from the tax would be deposited in the same manner as the sales and use tax. The 6.5% portion of the tax would be deposited in the General Fund and the 0.375% portion of the tax would be distributed to the legacy funds. Local sales and use taxes would not apply to amusement devices.

REVENUE ANALYSIS DETAIL

- Industry market research and Department of Revenue sales tax data were used to develop the estimates.
- It is estimated that taxable sales for items impacted by the bill were approximately \$120 million in fiscal year 2024.
- The consumer price index forecast, excluding food and energy, from S&P Global was used to grow the estimates.

- It is assumed that the new gross receipts tax revenues would be equal to the state sales tax forecasted revenues.
- The fiscal year 2026 estimates are adjusted for eleven months of collections.
- It is estimated that the bill would result in a reduction of approximately \$6.5 million in local sales tax revenue.

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

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