

April 23, 2025

| | Yes | No |
|----------------------------------|-----|----|
| DOR Administrative Costs/Savings | X | |

Department of Revenue
Analysis of H.F. 3044 (Davids) / S.F. 3228 (Frentz)

| | Fund Impact | | | |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>F.Y. 2026</u> | <u>F.Y. 2027</u> | <u>F.Y. 2028</u> | <u>F.Y. 2029</u> |
| | (000's) | | | |
| General Fund | (\$9,810) | (\$490) | (\$520) | (\$540) |
| Natural Resources and Arts Funds | (\$570) | (\$30) | (\$30) | (\$30) |
| Housing Assistance Fund | (\$220) | (\$10) | (\$10) | (\$10) |
| Special Revenue Fund | <u>(\$110)</u> | <u>(\$10)</u> | <u>(\$10)</u> | <u>(\$10)</u> |
| Total – All Funds | (\$10,710) | (\$540) | (\$570) | (\$590) |

Effective retroactively for sales and purchases made after December 31, 2014.

EXPLANATION OF THE BILL

Current Law: Sales and use taxes must be collected and remitted on or before the 20th of the month following the month of the taxable event.

Proposed Law: The bill would change remittance requirements for qualifying retailers on the sale of the privilege of admission to professional athletic events. Taxes imposed on professional athletic events would be remitted on the 20th day of the month following the month in which the professional athletic event occurred. Professional athletic events are defined as a sports game, match, activity, or series of games matches, activities, or tournaments organized by a professional sports organization competing in Major League Baseball, Major League Soccer, the National Basketball Association, the Women's National Basketball Association, the National Football League, the National Hockey league, or the Professional Women's Hockey League. A qualifying retailer is defined as a professional sports team competing in those leagues.

The bill would delay the receipt of revenues compared to current law but would not reduce tax liability.

Interest and penalties associated with remittance requirements under current law for qualifying retailers since December 31, 2014 are void.

REVENUE ANALYSIS DETAIL

- The estimates are based on return information from qualifying retailers.
- It is assumed that 25-90% of taxes owed by qualifying retailers would be affected by the proposal.
- The shift amount is reduced 20% to account for non-admissions sales.

- It is assumed that taxes for qualifying retailers will grow at a rate of 5% in the forecast period.
- It is assumed the first shift will occur from fiscal year 2026 into fiscal year 2027.
- The bill would delay the receipt of revenues compared to current law but would not reduce tax liability.
- The bill would waive interest and penalties associated with remittance requirements under current law. The revenue estimate does not reflect those costs.

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

hf3044(sf3228) Sports Teams Remittance Modification_1 / trc