

**EXCISE TAX
Social Media Gross Receipts Tax**

April 8, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 3197 (Rest), as Proposed to be Amended (SCS3197A-2)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(\$000s)			
General Fund	\$45,500	\$92,700	\$96,200	\$99,900

Effective beginning with calendar year 2026.

EXPLANATION OF THE BILL

The proposal establishes a tax on the collection of consumer data by a social media platform business.

The tax rate is as follows, based on the number of monthly active Minnesota consumers the platform collects data on:

- Fewer than 100,000 consumers per month, the tax is \$0 per month.
- Between 100,000 and 500,000 consumers, the tax per month is \$0.10 times the number of consumers over 100,000.
- Between 500,000 and 1,000,000 consumers, the tax per month is \$40,000 plus \$0.25 times the number of consumers over 500,000.
- Over 1,000,000 consumers, the tax per month is \$165,000 plus \$0.50 times the number of consumers over 1,000,000.

A consumer whose information, including a Minnesota home, mailing, or internet protocol (IP) address, is on record with a social media platform is a Minnesota consumer unless the social media platform proves that the consumer is not a Minnesota resident. A Minnesota consumer must be only counted once per social media platform business per month in the calculation of the tax.

A social media platform may claim a credit against the tax paid for a Minnesota consumer if another state imposes an identical tax for the same consumer. The social media platform must maintain records as required by the commissioner of the Minnesota Department of Revenue (MDOR).

The administration of the tax would follow the provisions of general sales and use taxes, including payment and tax return due dates. All revenues from the tax would be deposited into the general fund.

REVENUE ANALYSIS DETAIL

- For fiscal year 2026, it is estimated that 14 social media platforms would be subject to this tax.

REVENUE ANALYSIS DETAIL (Cont.)

- The estimates for the number of national monthly users reported by Ignitesocialmedia.com and eMarketer are based on the analysis of survey and traffic data from research firms and regulatory agencies. Monthly users are assumed to be unique users.
- Minnesota's monthly social media users are estimated to be 1.7% of the national total, based on Minnesota's share of the U.S. population.
- Minnesota's population is assumed to grow at 0.4% per year, based on U.S. Census data.
- The number of social media users is assumed to grow at 2.2% per year, based on data from Statista.com.
- It is assumed that all social media platforms collect data on their users.
- Fiscal year 2026 is adjusted for six months of collections.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>