

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3764

02/13/2024 Authored by Norris, Davids, Lislegard, Youakim and Robbins
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; sales and use; providing a vendor allowance; amending
1.3 Minnesota Statutes 2022, sections 289A.20, subdivision 4; 297A.77, subdivision
1.4 3; proposing coding for new law in Minnesota Statutes, chapter 297A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 289A.20, subdivision 4, is amended to read:

1.7 Subd. 4. Sales and use tax. (a) The taxes imposed by chapter 297A are due and payable
1.8 to the commissioner monthly on or before the 20th day of the month following the month
1.9 in which the taxable event occurred, or following another reporting period as the
1.10 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
1.11 or (g), except that use taxes due on an annual use tax return as provided under section
1.12 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

1.13 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,
1.14 except a vendor of construction materials as defined in paragraph (e), must remit the June
1.15 net liability for the next year in the following manner:

1.16 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
1.17 remit 87.5 percent of the estimated June net liability to the commissioner. Two business
1.18 days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent,
1.19 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision
1.20 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

1.21 (2) On or before August 20 of the year, the vendor must pay any additional amount of
1.22 tax not remitted in June.

2.1 (c) A vendor having a liability of:

2.2 (1) \$10,000 or more, but less than \$250,000, during a fiscal year must remit by electronic
2.3 means all net liabilities on returns due for periods beginning in all subsequent calendar years
2.4 on or before the 20th day of the month following the month in which the taxable event
2.5 occurred, or on or before the 20th day of the month following the month in which the sale
2.6 is reported under section 289A.18, subdivision 4; or

2.7 (2) \$250,000 or more during a fiscal year must remit by electronic means all net liabilities
2.8 in the manner provided in paragraph (a) on returns due for periods beginning in the
2.9 subsequent calendar year, except that a vendor subject to the remittance requirements of
2.10 paragraph (b) must remit the percentage of the estimated June net liability, as provided in
2.11 paragraph (b), clause (1), which is due two business days before June 30. The remaining
2.12 amount of the June liability is due on August 20.

2.13 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
2.14 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
2.15 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
2.16 form prescribed by the commissioner. No extra fee may be charged to a person making
2.17 payment by mail under this paragraph. The payment must be postmarked at least two business
2.18 days before the due date for making the payment in order to be considered paid on a timely
2.19 basis.

2.20 (e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer
2.21 that sells any of the following construction materials, if 50 percent or more of the retailer's
2.22 sales revenue for the fiscal year ending June 30 is from the sale of those materials:

2.23 (1) lumber, veneer, plywood, wood siding, wood roofing;

2.24 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

2.25 (3) concrete, cement, and masonry.

2.26 (f) For purposes of this subdivision, "net liability" means liability minus the amount of
2.27 vendor allowance authorized under section 297A.816.

2.28 ~~(g)~~ Paragraph (b) expires after the percentage of estimated payment is reduced to
2.29 zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

2.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
2.31 30, 2024.

3.1 Sec. 2. Minnesota Statutes 2022, section 297A.77, subdivision 3, is amended to read:

3.2 Subd. 3. **Tax must be remitted.** The tax collected by a retailer under this section, except
3.3 for the amount allowed to be retained by a retailer under section 297A.816, must be remitted
3.4 to the commissioner as provided in chapter 289A and this chapter.

3.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.6 30, 2024.

3.7 Sec. 3. **[297A.816] VENDOR ALLOWANCE.**

3.8 Subdivision 1. **Eligibility.** A retailer or seller may retain a portion of sales tax collected
3.9 as a vendor allowance in compensation for the costs of collecting and administering the tax
3.10 under this chapter. This section applies only if the tax minus the vendor allowance is both
3.11 reported and remitted to the commissioner in a timely manner as required under chapter
3.12 289A.

3.13 Subd. 2. **Tax not eligible for allowance.** Use taxes paid by the seller on the seller's own
3.14 purchases are not included in calculating the vendor allowance under this section. All other
3.15 sales and use taxes collected by a seller are eligible for the vendor allowance under this
3.16 section.

3.17 Subd. 3. **Calculation of allowance; minimum amounts.** (a) The amount of the vendor
3.18 allowance is equal to a percentage of the eligible taxes collected in the reporting period, as
3.19 defined under section 289A.18, subdivision 4, at the rates provided under paragraph (b).
3.20 The vendor allowance per reporting period may not be less than the lesser of \$10 or the
3.21 amount of eligible taxes collected during the reporting period.

3.22 (b) The vendor allowance authorized under this section must be calculated using the
3.23 following thresholds and rates:

3.24 (1) for vendors with sales tax liability less than \$60,000 in the fiscal year ending June
3.25 30, two percent;

3.26 (2) for vendors with sales tax liability between \$60,000 and \$600,000 in the fiscal year
3.27 ending June 30, one percent; and

3.28 (3) for vendors with sales tax liability greater than \$600,000 in the fiscal year ending
3.29 June 30, 0.75 percent.

3.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.31 30, 2024.