

January 27, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 580 (Koegel)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
Highway User Tax Distribution Fund	\$27,800	\$67,200	\$76,100	\$76,600
Metropolitan Area Transit Account	\$16,700	\$40,300	\$45,700	\$46,000
Greater Minnesota Transit Account	<u>\$1,900</u>	<u>\$4,500</u>	<u>\$5,100</u>	<u>\$5,100</u>
Transit Assistance Fund Subtotal	\$18,600	\$44,800	\$50,800	\$51,100
Special Revenue Fund	*	*	*	*
Total – All Funds	\$46,400	\$112,000	\$126,900	\$127,700

*An unknown amount will be deposited in the Revenue Department Service and Recovery Special Revenue Fund.

Effective January 1, 2024.

EXPLANATION OF THE BILL

The bill would establish a retail delivery fee imposed on retail deliveries in Minnesota. A retail delivery is defined as a retail sale of tangible personal property by a retailer for delivery by a motor vehicle to the purchaser at a location in Minnesota. The sale must contain at least one item of tangible personal property subject to sales tax, including clothing, for the fee to apply. The following fee schedule would be imposed per retail delivery:

- Beginning January 1, 2024, through June 30, 2025, the retail delivery fee would equal \$0.40
- Beginning July 1, 2025, through June 30, 2027, the retail delivery fee would equal \$0.45
- Beginning July 1, 2027, and thereafter, the retail delivery fee would equal \$0.50

An amount necessary to collect, administer, and enforce the retail delivery fee would be deposited in the Revenue Department Service and Recovery Special Revenue Fund.

REVENUE ANALYSIS DETAIL

- Data from the retail delivery fee in Colorado was used to inform the estimates.
- It is estimated that there will be 48 deliveries per person annually subject to the delivery fee.
- Minnesota’s population in 2021 was an estimated 5,711,471 according to the U.S. Census Bureau.

- Minnesota's population is assumed to grow at a rate of 0.7% annually based on projections from the Minnesota state demographer.

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

hf0580 Retail Delivery Fee_1 / trc