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Overview

Repeals the sales tax on most digital products beginning with sales made after June 30, 2017.

The sales tax was first imposed on most digital products such as music and video downloads, digital books, and e-cards, beginning July 1, 2013. A few digital products such as online video games were already subject to the sales tax because they fell under the definition of taxable canned computer software.

Some online video games and most “apps” are likely to remain taxable as “prewritten computer software”. Some streaming video programming may also continue to be taxable as “pay television service”.

Section

- 1 Sales and purchase.** Removes the furnishing of all digital products from the definition of taxable sales and purchase.
Effective for sales and purchases after June 30, 2017.
- 2 Retail sale.** Removes the furnishing of all digital products, including digital codes used to access digital products, from the definition of taxable retail sale.
Effective for sales and purchases after June 30, 2017.

Section

- 3** **Bundled transactions.** Removes digital goods from the definition of “product” used in determining if a transaction involving taxable and nontaxable products for one price is subject to sales tax.
- Effective for sales and purchases after June 30, 2017.
- 4** **Applicability.** Deletes a reference to a digital good.
- 5** **Sourcing rules.** Deletes references to digital goods.
- 6** **Multiple points of use.** Deletes a reference to a digital good.
- 7** **Advertising and promotional direct mail.** Deletes a reference to a digital product.
- 8** **Prepaid wireless calling service.** Deletes a reference in this definition to the download of digital products.
- 9** **Repealer.** Repeals all the definitions of digital products needed to include these items in the sales tax base.
- ▶ Subd. 50 defines digital audio works;
 - ▶ Subd. 51 defines digital audiovisual works;
 - ▶ Subd. 52 defines digital books;
 - ▶ Subd. 53 defines digital code;
 - ▶ Subd. 54 defines other digital products to include greeting cards and online video and electronic games;
 - ▶ Subd. 55 defines specified digital products as the products defined in subdivisions 50-52; and
 - ▶ Subd. 56 defines transferred electronically.