

March 18, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3958 (Putnam) / H.F. 4486 (Brand)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
General Fund	\$0	(\$3,720)	(\$4,460)	(\$4,900)
Natural Resources and Arts Funds	\$0	(\$210)	(\$260)	(\$280)
Total – All Funds	\$0	(\$3,930)	(\$4,720)	(\$5,180)

Effective for sales and purchases made after June 30, 2024.

EXPLANATION OF THE BILL

The bill would provide a sales and use tax exemption for prepared food sold by cottage food sellers.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by the Minnesota Department of Agriculture.
- There were approximately 8,900 cottage food sellers registered with the Minnesota Department of Agriculture in 2023.
- Cottage food sellers cannot exceed \$78,000 in sales in a calendar year.
- There are two tiers of sellers based on their level of sales. Tier 1 accounts for sellers with less than \$7,666 sales in a calendar year. Tier 2 accounts for sellers with greater than \$7,666 and less than the \$78,000 cap.
- Tier 1 sellers account for an estimated 95% of total registrations.
- Total registrations are assumed to grow at a rate of 10%.
- Fiscal year 2025 estimates are adjusted for eleven months of collections.

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