SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 172

(SENATE AUTHORS: GUSTAFSON, Seeberger, Housley, Hoffman and Farnsworth)

DATE	D-PG	OFFICIAL STATUS
01/16/2025	86	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; sales and use; providing for a small business sales tax allowance; amending Minnesota Statutes 2024, section 297A.77, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 297A.

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

Section 1. Minnesota Statutes 2024, section 297A.77, subdivision 3, is amended to read:

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

EFFECTIVE DATE. This section is effective for sales taxes first due and remitted after June 30, 2025.

Sec. 2. **[297A.816] SMALL BUSINESS SALES TAX ALLOWANCE.**

Subdivision 1. **Eligibility.** A qualifying retailer may retain a portion of sales tax collected as an allowance in compensation for the costs of collecting and administering the tax under this chapter. This section applies only if the tax minus the allowance is both reported and remitted to the commissioner in a timely fashion as required under chapter 289A. For purposes of this section, a "qualifying retailer" means a retailer that maintains a place of business operating out of real property located in the state that has 15 or fewer employees during each of the 12 calendar months immediately preceding the reporting period.

Subd. 2. **Tax not eligible for allowance.** Use taxes paid by the retailer on the retailer's own purchases and local sales and use taxes collected by the retailer are not included in calculating the allowance under this section.

Subd. 3. **Calculation of allowance; maximum amounts.** The amount of the allowance is equal to the sum of one-half of one percent of the tax collected in the reporting period, up to $500. The allowance must not reduce the tax owed in the reporting period to less than zero.

EFFECTIVE DATE. This section is effective for sales taxes first due and remitted after June 30, 2025.