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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

NINETY-FOURTH SESSION

**H. F. No. 5**

02/06/2025 Authored by Joy, Knudsen, Gander, Van Binsbergen, Davis and others  
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy  
02/13/2025 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act

1.2 relating to government finance; modifying imposition and allocation of certain

1.3 taxes; requiring certain tax analysis; requiring transportation funding impacts

1.4 analysis; repealing retail delivery fee; providing an unlimited Social Security

1.5 subtraction; requiring reports; appropriating money; amending Minnesota Statutes

1.6 2024, sections 174.49, subdivisions 2, 3; 270C.15; 290.0132, subdivision 26;

1.7 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.94; 297A.9915, subdivision

1.8 4; repealing Minnesota Statutes 2024, sections 168E.01; 168E.03; 168E.05;

1.9 168E.07; 168E.09.

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

1.11 Section 1. Minnesota Statutes 2024, section 174.49, subdivision 2, is amended to read:

1.12 Subd. 2. **Transportation advancement account.** A transportation advancement account

1.13 is established in the special revenue fund. The account consists of funds under ~~sections~~

1.14 ~~168E.09, subdivision 2, and section~~ 297A.94; and as provided by law and any other money

1.15 donated, allotted, transferred, or otherwise provided to the account.

1.16 **EFFECTIVE DATE.** This section is effective July 1, 2025.

1.17 Sec. 2. Minnesota Statutes 2024, section 174.49, subdivision 3, is amended to read:

1.18 Subd. 3. **Distribution.** The commissioner must distribute or transfer the funds in the

1.19 transportation advancement account as follows:

1.20 ~~(1) 36 percent to metropolitan counties in the manner provided under subdivision 5;~~

1.21 ~~(2) ten~~ (1) 28 percent to the county state-aid highway fund;

1.22 ~~(3) 15~~ (2) 23 percent to the larger cities assistance account under section 162.146,

1.23 subdivision 1;

2.1 ~~(4) 27~~ (3) 34 percent to the small cities assistance account under section 162.145,  
 2.2 subdivision 2; and

2.3 ~~(5) 11~~ (4) 15 percent to the town road account under section 162.081; and.

2.4 ~~(6) one percent to the food delivery support account under section 256.9752, subdivision~~  
 2.5 ~~1a.~~

2.6 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.7 Sec. 3. Minnesota Statutes 2024, section 270C.15, is amended to read:

2.8 **270C.15 REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL**  
 2.9 **REVENUE FUND.**

2.10 A Revenue Department service and recovery special revenue fund is created for the  
 2.11 purpose of recovering the costs of furnishing government data and related services or  
 2.12 products, as well as recovering costs associated with collecting local taxes on sales ~~and the~~  
 2.13 ~~retail delivery fee established under chapter 168E.~~ All money collected under this section  
 2.14 is deposited in the Revenue Department service and recovery special revenue fund. Money  
 2.15 in the fund is appropriated to the commissioner to reimburse the department for the costs  
 2.16 incurred in administering the tax law or providing the data, service, or product. Any money  
 2.17 paid to the department as a criminal fine for a violation of state revenue law that is designated  
 2.18 by the court to fund enforcement of state revenue law is appropriated to this fund.

2.19 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.20 Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

2.21 Subd. 26. **Social Security benefits.** ~~(a) A taxpayer is allowed a subtraction equal to the~~  
 2.22 ~~greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction~~  
 2.23 ~~determined under paragraph (e).~~

2.24 ~~(b) A taxpayer's simplified subtraction equals the~~ The amount of taxable social security  
 2.25 benefits received is a subtraction, ~~as reduced under paragraphs (c) and (d).~~

2.26 ~~(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted~~  
 2.27 ~~gross income above the phaseout threshold, the simplified subtraction is reduced by ten~~  
 2.28 ~~percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the~~  
 2.29 ~~phaseout threshold. The phaseout threshold equals:~~

2.30 ~~(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;~~

2.31 ~~(2) \$78,000 for a single or head of household taxpayer; and~~

3.1 ~~(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer~~  
3.2 ~~filing a joint return.~~

3.3 ~~(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced~~  
3.4 ~~by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of~~  
3.5 ~~the phaseout threshold.~~

3.6 ~~(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits~~  
3.7 ~~or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).~~

3.8 ~~(f) For married taxpayers filing a joint return and surviving spouses, the maximum~~  
3.9 ~~subtraction under paragraph (e) equals \$5,840. The maximum subtraction is reduced by 20~~  
3.10 ~~percent of provisional income over \$88,630. In no case is the subtraction less than zero.~~

3.11 ~~(g) For single or head-of-household taxpayers, the maximum subtraction under paragraph~~  
3.12 ~~(e) equals \$4,560. The maximum subtraction is reduced by 20 percent of provisional income~~  
3.13 ~~over \$69,250. In no case is the subtraction less than zero.~~

3.14 ~~(h) For married taxpayers filing separate returns, the maximum subtraction under~~  
3.15 ~~paragraph (e) equals one-half the maximum subtraction for joint returns under paragraph~~  
3.16 ~~(f). The maximum subtraction is reduced by 20 percent of provisional income over one-half~~  
3.17 ~~the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.~~

3.18 ~~(i) For purposes of this subdivision, "provisional income" means modified adjusted gross~~  
3.19 ~~income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the~~  
3.20 ~~taxable Social Security benefits received during the taxable year, and "Social Security~~  
3.21 ~~benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.~~

3.22 ~~(j) The commissioner shall adjust the phaseout threshold amounts in paragraphs (e) and~~  
3.23 ~~(d) as provided in section 270C.22. The statutory year is taxable year 2023. The maximum~~  
3.24 ~~subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount.~~  
3.25 ~~If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.~~

3.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.27 31, 2024.

3.28 Sec. 5. Minnesota Statutes 2024, section 296A.07, subdivision 3, is amended to read:

3.29 Subd. 3. **Rate of tax.** (a) Subject to paragraph (b), the gasoline excise tax is imposed at  
3.30 the following rates:

3.31 (1) E85 is taxed at the rate of 17.75 cents per gallon;

3.32 (2) M85 is taxed at the rate of 14.25 cents per gallon; and

4.1 (3) all other gasoline is taxed at the rate of 25 cents per gallon.

4.2 (b) ~~Annually~~ On August 1, 2024, the commissioner must determine the tax rate applicable  
 4.3 to the sale of E85, M85, and all other gasoline subject to tax under this section ~~for the~~  
 4.4 ~~upcoming 12-month period beginning, which begins~~ on January 1, 2025. The adjusted rate  
 4.5 must equal the current rate, multiplied by one plus the percentage increase, if any, in the  
 4.6 Minnesota Highway Construction Cost Index for the reference year. The tax rate must be  
 4.7 rounded to the nearest tenth of a cent. Each of the tax rates for E85, M85, and all other  
 4.8 gasoline must not be lower than the respective rates specified in paragraph (a). ~~Beginning~~  
 4.9 ~~with the calculation on August 1, 2025, the percentage change in each of the tax rates for~~  
 4.10 ~~E85, M85, and all other gasoline as a result of the requirements under this paragraph must~~  
 4.11 ~~not exceed three percent.~~

4.12 (c) For purposes of this subdivision:

4.13 (1) the Minnesota Highway Construction Cost Index is as determined by the  
 4.14 commissioner of transportation; and

4.15 (2) "reference year" means the 12-month period ending on June 30 two years prior to  
 4.16 the year in which the calculation is made.

4.17 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2024.

4.18 Sec. 6. Minnesota Statutes 2024, section 296A.08, subdivision 2, is amended to read:

4.19 Subd. 2. **Rate of tax.** (a) Subject to paragraph (b), the special fuel excise tax is imposed  
 4.20 at the following rates:

4.21 (1) liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon;

4.22 (2) liquefied natural gas is taxed at the rate of 15 cents per gallon;

4.23 (3) compressed natural gas is taxed at the rate of \$1.974 per thousand cubic feet or 25  
 4.24 cents per gasoline equivalent; and

4.25 (4) all other special fuel is taxed at the same rate as the gasoline excise tax as specified  
 4.26 in section 296A.07, subdivision 2.

4.27 (b) ~~Annually~~ On August 1, 2024, the commissioner must determine the tax rate applicable  
 4.28 to the sale of ~~E85, M85, and all other gasoline~~ special fuels subject to tax under this section  
 4.29 ~~for the upcoming 12-month period beginning, which begins~~ on January 1, 2025. The rate  
 4.30 must be adjusted as provided in section 296A.07, subdivision 3, paragraph (b). The tax rate  
 4.31 must be rounded to the nearest tenth of a cent. Each of the tax rates for liquefied natural gas

5.1 or propane, liquefied natural gas, compressed natural gas, and all other special fuel must  
5.2 not be lower than the respective rates specified in paragraph (a).

5.3 (c) The tax is payable in the form and manner prescribed by the commissioner.

5.4 (d) For purposes of this subdivision, "gasoline equivalent," as defined by the National  
5.5 Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet.

5.6 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2024.

5.7 Sec. 7. Minnesota Statutes 2024, section 297A.94, is amended to read:

5.8 **297A.94 DEPOSIT OF REVENUES.**

5.9 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
5.10 including interest and penalties, derived from the taxes imposed by this chapter in the state  
5.11 treasury and credit them to the general fund.

5.12 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
5.13 account in the special revenue fund if:

5.14 (1) the taxes are derived from sales and use of property and services purchased for the  
5.15 construction and operation of an agricultural resource project; and

5.16 (2) the purchase was made on or after the date on which a conditional commitment was  
5.17 made for a loan guaranty for the project under section 41A.04, subdivision 3.

5.18 The commissioner of management and budget shall certify to the commissioner the date on  
5.19 which the project received the conditional commitment. The amount deposited in the loan  
5.20 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
5.21 of Revenue to administer and enforce the assessment and collection of the taxes.

5.22 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
5.23 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
5.24 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

5.25 (1) first to the general obligation special tax bond debt service account in each fiscal  
5.26 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

5.27 (2) after the requirements of clause (1) have been met, the balance to the general fund.

5.28 (d) ~~Beginning with sales taxes remitted after July 1, 2017,~~ The commissioner shall  
5.29 deposit in the state treasury the revenues collected under section 297A.64, subdivision 1,  
5.30 including interest and penalties and minus refunds, and credit them to the ~~highway user tax~~  
5.31 ~~distribution fund~~ transportation advancement account under section 174.49.

6.1 (e) The commissioner shall deposit the revenues, including interest and penalties,  
6.2 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
6.3 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
6.4 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
6.5 subdivision 5, for the previous calendar year.

6.6 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit  
6.7 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and  
6.8 credit to the highway user tax distribution fund an amount equal to the estimated revenues  
6.9 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or  
6.10 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The  
6.11 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph  
6.12 based on the amount of revenue deposited under paragraph (d).

6.13 (g) The commissioner must deposit the revenues derived from the taxes imposed under  
6.14 section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and  
6.15 replacement parts in the state treasury and credit:

6.16 (1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

6.17 (2) a percentage to the transportation advancement account under section 174.49 as  
6.18 follows:

6.19 (i) 3.5 percent in fiscal year 2024;

6.20 (ii) 4.5 percent in fiscal year 2025;

6.21 (iii) 5.5 percent in fiscal year 2026;

6.22 (iv) 7.5 percent in fiscal year 2027;

6.23 (v) 14.5 percent in fiscal year 2028;

6.24 (vi) 21.5 percent in fiscal year 2029;

6.25 (vii) 28.5 percent in fiscal year 2030;

6.26 (viii) 36.5 percent in fiscal year 2031;

6.27 (ix) 44.5 percent in fiscal year 2032; and

6.28 (x) 56.5 percent in fiscal year 2033 and thereafter; and

6.29 (3) the remainder in each fiscal year to the general fund.

6.30 For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01,  
6.31 subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires,

7.1 accessories, and equipment incorporated into or affixed to the motor vehicle as part of the  
7.2 motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or  
7.3 in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this  
7.4 paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially  
7.5 made of rubber and if marked according to federal regulations for highway use.

7.6 (h) 81.56 percent of the revenues, including interest and penalties, transmitted to the  
7.7 commissioner under section 297A.65, must be deposited by the commissioner in the state  
7.8 treasury as follows:

7.9 (1) 47.5 percent of the receipts must be deposited in the heritage enhancement account  
7.10 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
7.11 protect fish and wildlife resources, including conservation, restoration, and enhancement  
7.12 of land, water, and other natural resources of the state;

7.13 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
7.14 be spent only for state parks and trails;

7.15 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
7.16 be spent only on metropolitan park and trail grants;

7.17 (4) three percent of the receipts must be deposited in the natural resources fund, and  
7.18 may be spent only on local trail grants;

7.19 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
7.20 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
7.21 and the Duluth Zoo; and

7.22 (6) 2.5 percent of the receipts must be deposited in the pollinator account established in  
7.23 section 103B.101, subdivision 19.

7.24 (i) 1.5 percent of the revenues, including interest and penalties, transmitted to the  
7.25 commissioner under section 297A.65 must be deposited in a regional parks and trails account  
7.26 in the natural resources fund and may only be spent for parks and trails of regional  
7.27 significance outside of the seven-county metropolitan area under section 85.535, based on  
7.28 recommendations from the Greater Minnesota Regional Parks and Trails Commission under  
7.29 section 85.536.

7.30 (j) 1.5 percent of the revenues, including interest and penalties, transmitted to the  
7.31 commissioner under section 297A.65 must be deposited in an outdoor recreational  
7.32 opportunities for underserved communities account in the natural resources fund and may  
7.33 only be spent on projects and activities that connect diverse and underserved Minnesotans

8.1 through expanding cultural environmental experiences, exploration of their environment,  
8.2 and outdoor recreational activities.

8.3 (k) The revenue dedicated under paragraph (h) may not be used as a substitute for  
8.4 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
8.5 supplement traditional sources of funding for those purposes. Land acquired with money  
8.6 deposited in the game and fish fund under paragraph (h) must be open to public hunting  
8.7 and fishing during the open season, except that in aquatic management areas or on lands  
8.8 where angling easements have been acquired, fishing may be prohibited during certain times  
8.9 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
8.10 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
8.11 resources under paragraph (h) must be allocated for field operations.

8.12 (l) The commissioner must deposit the revenues, including interest and penalties minus  
8.13 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
8.14 that may be sold to persons 18 years old or older and that are not prohibited from use by  
8.15 the general public under section 624.21, in the state treasury and credit:

8.16 (1) 25 percent to the volunteer fire assistance grant account established under section  
8.17 88.068;

8.18 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
8.19 3; and

8.20 (3) the remainder to the general fund.

8.21 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
8.22 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
8.23 sold to persons 18 years old or older and are not prohibited from use by the general public  
8.24 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
8.25 the state, with the percentage determined under Laws 2017, First Special Session chapter  
8.26 1, article 3, section 39.

8.27 (m) The revenues deposited under paragraphs (a) to (l) do not include the revenues,  
8.28 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
8.29 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
8.30 article XI, section 15.

8.31 **EFFECTIVE DATE.** This section is effective for taxes remitted after June 30, 2025.



9.1 Sec. 8. Minnesota Statutes 2024, section 297A.9915, subdivision 4, is amended to read:

9.2 Subd. 4. **Deposit.** Proceeds of the regional transportation sales tax must be allocated as  
9.3 follows:

9.4 (1) ~~83~~ 74 percent to the Metropolitan Council for the purposes specified under section  
9.5 473.4465; and

9.6 (2) ~~17~~ 26 percent to metropolitan counties, as defined in section 174.49, subdivision 1,  
9.7 in the manner provided under section 174.49, subdivision 5.

9.8 **EFFECTIVE DATE.** This section is effective for taxes remitted after June 30, 2025.

9.9 Sec. 9. **MOTOR VEHICLE REGISTRATION TAX ANALYSIS.**

9.10 (a) Using existing resources, the commissioner of public safety must perform an analysis  
9.11 of the motor vehicle registration tax that includes:

9.12 (1) a systematic review of the impacts of the current tax structure across vehicle owners  
9.13 and types of vehicles;

9.14 (2) a comparison of the tax structure and rates between Minnesota and neighboring  
9.15 states;

9.16 (3) analysis of options to adjust the tax for increased comparability and alignment with  
9.17 neighboring states, which must include examination of fiscal impacts;

9.18 (4) estimates by state of the annual number of individuals or households that moved to  
9.19 another state due to the motor vehicle registration tax; and

9.20 (5) recommendations for adjustments to the tax based on the analysis under clause (3).

9.21 (b) By January 15, 2026, the commissioner of public safety must submit a report on the  
9.22 registration tax analysis under paragraph (a) to the chairs and ranking minority members  
9.23 of the legislative committees with jurisdiction over transportation policy and finance. The  
9.24 report must comply with Minnesota Statutes, sections 3.195 and 3.197.

9.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.26 Sec. 10. **TRANSPORTATION FUNDING IMPACTS ANALYSIS.**

9.27 (a) The commissioner of transportation must perform an analysis of transportation  
9.28 funding impacts due to the modifications made in this act. The analysis must include:

9.29 (1) a summary of the total fiscal impact as a result of the modifications in this act (i)  
9.30 over the current forecast and planning period, and (ii) projected over the period of the

10.1 Minnesota state highway investment plan under Minnesota Statutes, section 174.03,  
10.2 subdivision 1c;

10.3 (2) a review of the change in amount of assistance or revenue to each recipient as a result  
10.4 of the modifications in this act, on an annual basis over the current forecast and planning  
10.5 period; and

10.6 (3) determination and identification of specific transportation projects that are delayed  
10.7 or that no longer have sufficient funds identified as a result of the modifications in this act,  
10.8 by each recipient over the current forecast and planning period.

10.9 (b) An entity that is subject to a change in assistance or revenue as a result of the  
10.10 modifications in this act must provide information as requested by the commissioner to  
10.11 meet the requirements under this section.

10.12 (c) For purposes of the transportation funding impacts analysis, modifications in this  
10.13 act exclude changes related to Minnesota Statutes, chapter 290.

10.14 (d) By January 15, 2026, the commissioner of transportation must submit a report on  
10.15 the transportation funding impacts analysis under this section to the chairs and ranking  
10.16 minority members of the legislative committees with jurisdiction over transportation policy  
10.17 and finance.

10.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.19 Sec. 11. **APPROPRIATION; TRANSPORTATION FUNDING IMPACTS**  
10.20 **ANALYSIS.**

10.21 The amount necessary is appropriated in fiscal year 2026 from the transportation  
10.22 advancement account in the special revenue fund to the commissioner of transportation for  
10.23 the transportation funding impacts analysis under section 10. This appropriation applies  
10.24 prior to the allocation under Minnesota Statutes, section 174.49, subdivision 3.

10.25 Sec. 12. **REPEALER.**

10.26 Minnesota Statutes 2024, sections 168E.01; 168E.03; 168E.05; 168E.07; and 168E.09,  
10.27 are repealed.

10.28 **EFFECTIVE DATE.** This section is effective July 1, 2025.

**168E.01 DEFINITIONS.**

Subdivision 1. **Scope.** As used in this chapter, the following terms have the meanings given.

Subd. 2. **Accessories and supplies.** "Accessories and supplies" has the meaning given in section 297A.67, subdivision 7a.

Subd. 3. **Baby products.** "Baby products" means breast pumps, baby bottles and nipples, pacifiers, teething rings, infant syringes, baby wipes, cribs and bassinets, crib and bassinet mattresses, crib and bassinet sheets, changing tables, changing pads, strollers, car seats and car seat bases, baby swings, bottle sterilizers, and infant eating utensils.

Subd. 4. **Clothing.** "Clothing" has the meaning given in section 297A.67, subdivision 8.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of revenue.

Subd. 6. **Drugs and medical devices.** "Drugs and medical devices" has the meaning given in section 297A.67, subdivision 7.

Subd. 7. **Food and beverage service establishment.** "Food and beverage service establishment" has the meaning given in section 157.15, subdivision 5.

Subd. 8. **Food and food ingredients.** "Food and food ingredients" has the meaning given in section 297A.67, subdivision 2.

Subd. 9. **Marketplace provider.** "Marketplace provider" has the meaning given in section 297A.66, subdivision 1, paragraph (d).

Subd. 10. **Person.** "Person" has the meaning given in section 297A.61, subdivision 2.

Subd. 11. **Prepared food.** "Prepared food" has the meaning given in section 297A.61, subdivision 31.

Subd. 12. **Retail delivery.** (a) "Retail delivery" means a delivery to a person located in Minnesota of the following items as part of a retail sale:

(1) tangible personal property that is subject to taxation under chapter 297A; and

(2) clothing, as defined under section 297A.67, subdivision 8, excluding cloth and disposable child and adult diapers.

(b) Retail delivery does not include pickup at the retailer's place of business, including curbside delivery.

Subd. 13. **Retail delivery fee.** "Retail delivery fee" means the fee imposed under section 168E.03 on retail deliveries.

Subd. 14. **Retail sale.** "Retail sale" has the meaning given in section 297A.61, subdivision 4.

Subd. 15. **Retailer.** "Retailer" means any person making sales, leases, or rental of personal property or services within or into the state of Minnesota. Retailer includes a:

(1) retailer maintaining a place of business in this state;

(2) marketplace provider maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (a);

(3) retailer not maintaining a place of business in this state; and

(4) marketplace provider not maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (b).

Subd. 16. **Tangible personal property.** "Tangible personal property" has the meaning given in section 297A.61, subdivision 10.

Subd. 17. **Threshold amount.** "Threshold amount" means \$100, before application of the tax imposed under section 297A.62, subdivisions 1 and 1a, and any applicable local sales and use taxes, and excluding exempt items under section 168E.05.

**168E.03 FEE IMPOSED.**

Subdivision 1. **Retail delivery fee imposed.** (a) A fee is imposed on each retailer equal to 50 cents on each transaction that equals or exceeds the threshold amount involving retail delivery in Minnesota. The retailer may, but is not required to, collect the fee from the purchaser. If separately

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stated on the invoice, bill of sale, or similar document given to the purchaser, the fee is excluded from the sales price for purposes of the tax imposed under chapter 297A.

(b) If the retailer collects the fee from the purchaser:

(1) the retail delivery fee must be charged in addition to any other delivery fee; and

(2) the retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from the sales price and any other taxes or fees imposed on the retail delivery on the purchaser's receipt, invoice, or other bill of sale. The receipt, invoice, or other bill of sale must state the retail delivery fee as "road improvement and food delivery fee."

**Subd. 2. Multiple items or shipments.** The fee imposed under subdivision 1 is imposed once per transaction regardless of the number of shipments necessary to deliver the items of tangible personal property purchased or of the number of items of tangible personal property purchased.

**Subd. 3. Returns and cancellations.** The fee imposed under subdivision 1 is nonrefundable if any or all items purchased are returned to a retailer or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. The fee must be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider.

**168E.05 EXEMPTIONS.**

Subdivision 1. **Transactions.** The following retail deliveries are exempt from the fee imposed by this chapter:

(1) a retail delivery to a purchaser who is exempt from tax under chapter 297A;

(2) a retail delivery on a motor vehicle for which a permit issued by the commissioner of transportation or a road authority is required under chapter 169 or 221 and the retailer has maintained books and records through reasonable and verifiable standards that the retail delivery was on a qualifying vehicle;

(3) a retail delivery resulting from a retail sale of food and food ingredients or prepared food;

(4) a retail delivery resulting from a retail sale by a food and beverage service establishment, regardless of whether the retail delivery is made by a third party other than the food and beverage service establishment; and

(5) a retail delivery resulting from a retail sale of drugs and medical devices, accessories and supplies, or baby products.

Subd. 2. **Small businesses.** (a) The fee imposed by this chapter and the requirements of this chapter do not apply to:

(1) a retailer that made retail sales totaling less than \$1,000,000 in the previous calendar year; and

(2) a marketplace provider when facilitating the sale of a retailer that made retail sales totaling less than \$100,000 in the previous calendar year through the marketplace provider.

(b) A retailer or marketplace provider must begin collecting and remitting the delivery fee to the commissioner on the first day of a calendar month occurring no later than 60 days after the retailer or marketplace provider exceeds a retail sales threshold in paragraph (a).

**168E.07 COLLECTION AND ADMINISTRATION.**

Subdivision 1. **Returns; payment of fees.** A retailer must report the fee on a return prescribed by the commissioner and must remit the fee with the return. The return and fee must be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 297A.

Subd. 2. **Collection and remittance.** A retailer that collects the fee from the purchaser must collect the fee in the same manner as the tax collected under chapter 297A. A retailer using a third-party entity to collect and remit the tax imposed under chapter 297A may elect to have that third-party entity collect and remit the fee imposed under this chapter.

Subd. 3. **Administration.** Unless specifically provided otherwise by this chapter, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A, that are applicable to taxes imposed under chapter 297A, apply to the fee imposed under this chapter.

APPENDIX  
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Subd. 4. **Interest on overpayments.** The commissioner must pay interest on an overpayment refunded or credited to the retailer from the date of payment of the fee until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the fee, whichever is later.

**168E.09 DEPOSIT OF PROCEEDS.**

Subdivision 1. **Costs deducted.** The commissioner must retain an amount that does not exceed the total cost of collecting, administering, and enforcing the retail delivery fee and must deposit the amount in the revenue department service and recovery special revenue fund.

Subd. 2. **Deposits.** After deposits under subdivision 1, the commissioner must deposit the balance of proceeds from the retail delivery fee in the transportation advancement account under section 174.49.