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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **2252**

03/08/2017 Authored by Rarick and Howe
The bill was read for the first time and referred to the Committee on Public Safety and Security Policy and Finance
03/09/2017 By motion, recalled and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; dedicating a portion of revenues from the sale of certain
1.3 fireworks for public safety purposes; creating a new account in the state treasury;
1.4 appropriating money; amending Minnesota Statutes 2016, section 297A.94;
1.5 proposing coding for new law in Minnesota Statutes, chapter 88.

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

1.7 Section 1. **[88.068] VOLUNTEER FIRE ASSISTANCE GRANT ACCOUNT.**

1.8 A volunteer fire assistance grant account is established in the special revenue fund. Sales
1.9 taxes allocated under section 297A.94, for making grants under section 88.067, must be
1.10 deposited in the special revenue fund and credited to the volunteer fire assistance grant
1.11 account. Money in the account, including interest, is appropriated to the commissioner for
1.12 making grants under that section.

1.13 **EFFECTIVE DATE.** This section is effective beginning with deposits made in fiscal
1.14 year 2018.

1.15 Sec. 2. Minnesota Statutes 2016, section 297A.94, is amended to read:

1.16 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

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

(e) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

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

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

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

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

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

(g) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items defined in section 624.20, subdivision 1, that are allowed to be sold to the public, in the state treasury and credit:

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

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

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items defined in section 624.20, subdivision 1, that are allowed to be sold to the public is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under section 3.

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

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2017.

4.1 Sec. 3. CALCULATION OF THE PERCENT OF SALES TAX REVENUE
4.2 ATTRIBUTABLE TO THE SALE OF CERTAIN AERIAL AND AUDIBLE DEVICES
4.3 AND NOVELTIES.

4.4 By December 1, 2017, the commissioner of revenue must estimate the percentage of
4.5 total sales tax revenues collected in calendar year 2016 that is attributable to the sales and
4.6 purchases of items defined in Minnesota Statutes, section 624.20, subdivision 1, that are
4.7 allowed to be sold to the public. When making the determination, the commissioner may
4.8 consult with representatives from producers and retailers, industry trade groups, and the
4.9 most recently available national and state information. The commissioner's decision is final.
4.10 The commissioner's determination under this section is not a rule and is not subject to
4.11 Minnesota Statutes, chapter 14, including section 14.386.

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