

March 7, 2022

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of S.F. 3375 (Rarick) As Proposed to be Amended (SCS3375A-1)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
	(000's)			
General Fund	\$0	(\$2,580)	(\$1,310)	(\$1,320)
Natural Resources and Arts Funds	\$0	(\$150)	(\$80)	(\$80)
Total – All Funds	\$0	(\$2,730)	(\$1,390)	(\$1,400)

Effective retroactively for sales and purchases made after June 30, 2021.

**EXPLANATION OF THE BILL**

**Current Law:** Fencing used for the containment of farmed Cervidae is exempt from the sales and use tax.

**Proposed Law:** The bill as proposed to be amended would exempt fencing on agricultural land. The bill would also provide an exemption for materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of farm fencing material that do not qualify as farm machinery. The bill as proposed to be amended would not exempt repair and replacement parts for fencing material.

**REVENUE ANALYSIS DETAIL**

- The United States fencing industry was estimated to be \$10 billion in 2021.
- It is estimated that agricultural fencing accounts for 8% of the overall fencing industry in the United States.
- It is estimated that Minnesota accounts for 3.3% of the total United States agricultural fencing industry.
- The estimates are adjusted to exclude repair and replacement parts for fencing material.
- The agricultural fencing industry is assumed to grow at an annual rate of 1% based on industry sources.
- The estimates for fiscal year 2023 include retroactive impacts.

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