

March 6, 2023

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

Department of Revenue  
Analysis of S.F. 2124 (Rest) As proposed to be amended (SCS2124A-2)

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
General Fund	(\$6,600)	(\$7,400)	(\$7,600)	(\$7,800)
Natural Resources and Arts Funds	(\$400)	(\$400)	(\$400)	(\$500)
<b>Total – All Funds</b>	<b>(\$7,000)</b>	<b>(\$7,800)</b>	<b>(\$8,000)</b>	<b>(\$8,300)</b>

Effective for sales taxes collected after June 30, 2023.

**EXPLANATION OF THE BILL**

**Current Law:** Machinery, equipment, fixtures, and supplies used by food service establishments in the furnishing, preparing, or serving of prepared food or furnishing beverages is currently subject to sales tax.

**Proposed Law:** The proposal would exempt machinery, equipment, fixtures, and supplies purchased or leased by food service establishments used in the furnishing, preparing, or serving of prepared food and furnishing beverages from the sales tax.

**REVENUE ANALYSIS DETAIL**

- The estimates are based on U.S Census Bureau information from the 2019-2021 Annual Capital Expenditures Survey.
- It is assumed that the machinery, equipment, fixtures, and supplies proposed to be exempted constitute about 60% of the total capital expenditures by the food services establishment industry.
- The fiscal year 2024 estimates are adjusted for eleven months of collection.

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