

March 6, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2125 (Engen) / S.F. 2182 (Coleman)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
General Fund	(\$1,600)	(\$1,800)	(\$1,800)	(\$1,900)
Natural Resources and Arts Funds	(\$100)	(\$100)	(\$100)	(\$100)
Total – All Funds	(\$1,700)	(\$1,900)	(\$1,900)	(\$2,000)

Effective for sales and purchases made after June 30, 2023

EXPLANATION OF THE BILL

The bill would expand the exemption of sales for certain baby products from the sales and use tax. These products would now include 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.

REVENUE ANALYSIS DETAIL

- The estimates are based on information from multiple sources: Grand View Research, MN Department of Health, ResearchandMarkets.com and Statista.com.
- The sources estimate domestic market for the exempt baby products to be \$18.27 billion in 2019.
- Minnesota’s portion of birth rates was used to apportion the data. The ratio is 1.8%.
- February 2023 growth rates published by IHS Markit for consumer prices are used to estimate future purchases.

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