

SUPPORT VENDOR COLLECTION ALLOWANCE

A vendor collection allowance is an investment in Main Street Minnesota. Businesses continue to be squeezed by higher costs, credit card processing fees, and expanded regulations that create competitive disadvantages with border states and online retailers. A sales tax vendor collection allowance will recognize the cost incurred by Minnesota retailers for remitting much of the state's sales tax revenue. Offsetting some of the costs incurred in fulfilling this duty for the state is an investment back into Minnesota businesses.

Minnesota businesses paid an estimated \$130,352,000 in interchange fees on sales tax in 2022.

**27
STATES**

currently allow retailers a vendor allowance for collecting and remitting sales and use tax. Most of the states bordering Minnesota reimburse retailers for collecting and remitting sales and use tax.

According to a report by PriceWaterhouseCoopers, it costs the average retailer **3.09%** of the tax they collect to administer sales and local taxes. Businesses in Minnesota currently pay 100% of the costs associated with collecting and remitting state sales taxes, which includes employee training, point of sale system programming, credit card processing costs, accounting, remitting, and auditing.

As part of the E911 legislation, the 2013 legislature passed a reimbursement for collecting and remitting fees and taxes for these specific transactions, acknowledging the continued and ongoing costs for businesses.

In 2023, the legislature created a new 50-cent Retail Delivery Fee. Retailers will now incur the costs of collecting and remitting this new fee—once again, acting as the uncompensated tax collectors of the state.

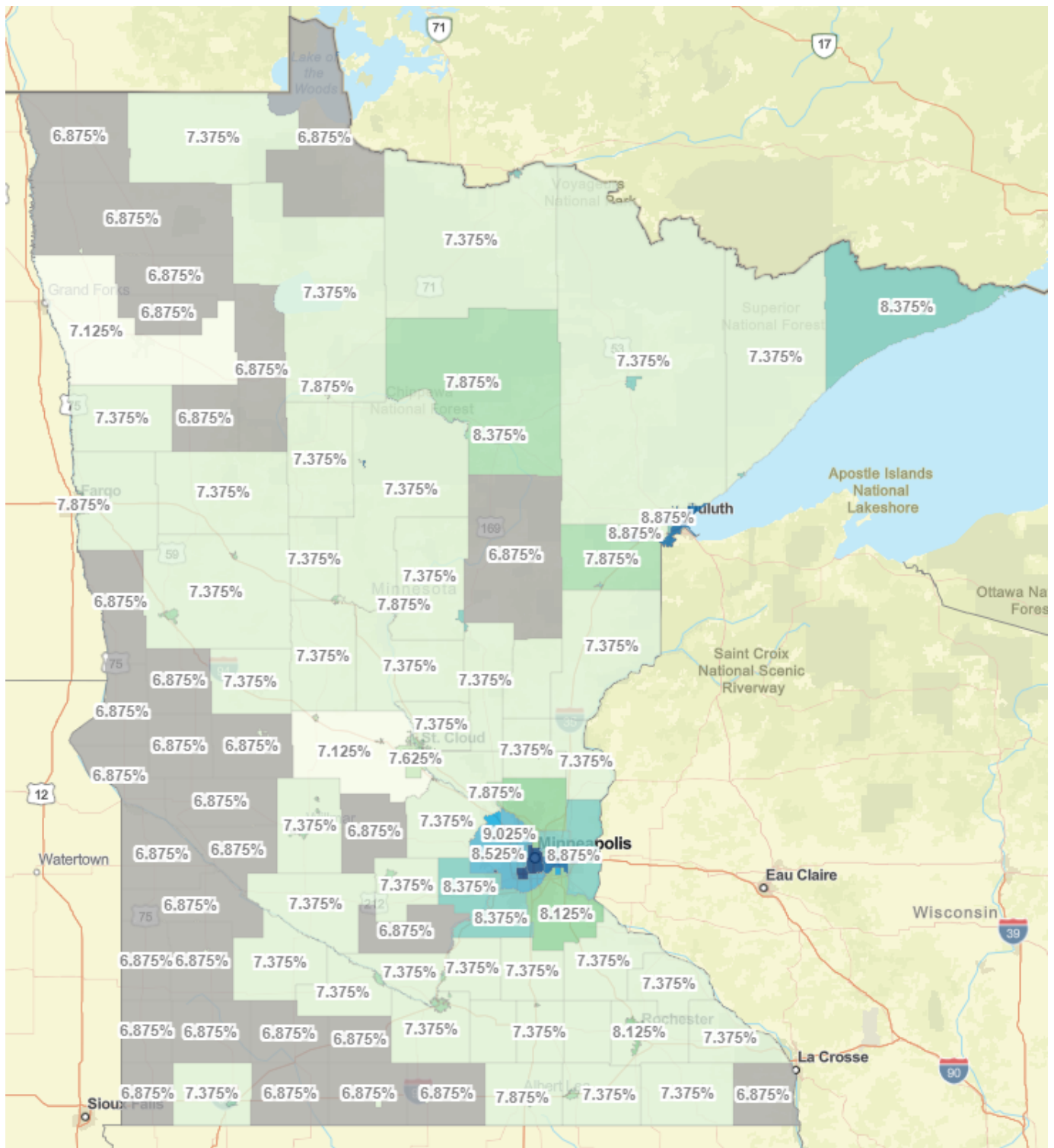
SF3789/HF3764 allows retailers to deduct and retain an allowance of the retailer's sales tax liability for their remittance period. It recognizes the real costs associated with collecting the states sales tax. All retailers would see a benefit from this legislation.

Support SF3789/HF3764 to promote the success of your Minnesota Main Street businesses.



For more information, please contact Steve Barthel at 651-228-0973 or sbarthel@mngrocers.com.

Minnesota Department of Revenue Sales Tax Rate Map



Note: This map does not include additional local sales and use taxes. Minnesota has 117 localities with sales and use taxes in place. Retailers are required to collect and remit all applicable municipal, county, and state taxes.