



S.F. No. 44 – Vendor allowance

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Section 1. Sales and use tax. Strikes obsolete language. Adds a new definition of “net liability” to the provisions of law governing due dates for sales tax remittances. “Net liability” means liability minus the amount of vendor allowance provided in section 3.

Section 2. Tax must be remitted. Excludes the amount of the vendor allowance provided in section 3 from the remittance requirements in current law.

Section 3. Vendor allowance.

Subd. 1. Eligibility. Allows a retailer or seller to retain a portion of sales taxes collected as compensation for the costs of collecting and administering sales taxes, as long as the retailer or seller has timely reported and remitted sales taxes.

Subd. 2. Tax not eligible for allowance. Excludes use taxes paid by the retailer or seller on the retailer or seller’s own purchases from being calculated in the vendor allowance.

Subd. 3. Calculation of allowance; minimum amounts. Provides the calculation of the vendor allowance, which equals a percentage of taxes collected in a reporting period amongst all locations of the retailer in the state. The allowance must not be less than \$10, or the amount of eligible taxes collected in the reporting period. The allowance is calculated as follows:

- for vendors with sales tax liability not more than \$60,000 in a fiscal year, 1.5%;
- for vendors with sales tax liability more than \$60,000 and not more than \$600,000 in a fiscal year, \$900 plus 1% of the amount over \$60,000 but not over \$600,000; and
- for vendors with sales tax liability greater than \$600,000 in a fiscal year, \$6,300 plus 0.5% percent of the amount over \$600,000.

Effective for sales and purchases made after June 30, 2025.

