

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3940

(SENATE AUTHORS: CHAMBERLAIN)

DATE
04/12/2018

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; sales and use; requiring the commissioner of revenue to reduce
1.3 the rates to reflect an increased tax base under certain conditions.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. SALES TAX RATE ADJUSTMENT IF TAX IS IMPOSED ON REMOTE
1.6 SELLERS.

1.7 Subdivision 1. Definitions. (a) For purposes of this subdivision, the following terms
1.8 have the meanings given.

1.9 (b) "Day the state begins enforcing a duty to collect and remit sales tax on retailers
1.10 without a physical presence in this state, and marketplace providers under Minnesota Statutes,
1.11 section 297A.66, subdivision 4," means the earliest of:

1.12 (i) the first day of a calendar quarter at least 60 days after a decision is made by the
1.13 United States Supreme Court modifying its decision in Quill Corp. v. North Dakota, 504
1.14 U.S. 298 (1992) so that a state may require retailers without a physical presence in the state
1.15 to collect and remit sales tax; or

1.16 (ii) the first day of a calendar quarter at least 60 days after a federal law is enacted
1.17 authorizing a state to impose a requirement to collect and remit sales tax on retailers without
1.18 a physical presence in the state.

1.19 (c) "Consumer Price Index" means the revised Consumer Price Index for All Urban
1.20 Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States
1.21 Department of Labor.

2.1 Subd. 2. **Rate adjustment.** (a) The commissioner of revenue must make an adjustment
2.2 to the sales tax rates in Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, effective
2.3 for the first day of the calendar quarter beginning 15 months after the day the state begins
2.4 enforcing a duty to collect and remit sales tax on retailers without a physical presence in
2.5 this state, and marketplace providers under Minnesota Statutes, section 297A.66, subdivision
2.6 4. The adjustment must be equal to the reduction necessary to make the total collections
2.7 under the sales tax revenue neutral as calculated in paragraph (b).

2.8 (b) The adjustment factor for each tax rate must be equal to the ratio by which:

2.9 (1) the revenues collected under Minnesota Statutes, chapter 297A, in the 12-month
2.10 period immediately preceding the day the state begins enforcing a duty to collect and remit
2.11 sales tax on retailers without a physical presence in this state, and marketplace providers
2.12 under Minnesota Statutes, section 297A.66, subdivision 4, multiplied by the change in the
2.13 Consumer Price Index for the same 12-month period; bears to

2.14 (2) the revenues collected under Minnesota Statutes, chapter 297A, in the 12-month
2.15 period beginning on the day the state begins enforcing a duty to collect and remit sales tax
2.16 on retailers without a physical presence in this state, and marketplace providers under
2.17 Minnesota Statutes, section 297A.66, subdivision 4.

2.18 (c) The adjusted rates must be rounded to the nearest one thousandth of one percent and
2.19 are effective for the first calendar quarter at least 15 months after the day the state begins
2.20 enforcing a duty to collect and remit sales tax on retailers without a physical presence in
2.21 this state, and marketplace providers under Minnesota Statutes, section 297A.66, subdivision
2.22 4. The commissioner of revenue must publish the new tax rates in the State Register at least
2.23 30 days prior to the rate change going into effect.

2.24 (d) After the commissioner of revenue publishes the new tax rates in the State Register,
2.25 the revisor of statutes must update the tax rates in Minnesota Statutes, section 297A.62,
2.26 subdivisions 1 and 1a, in the next edition of Minnesota Statutes.

2.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.