Revenue Estimates and Local Impact Notes

MN HOUSE FISCAL ANALYSIS

October 2026

What is a revenue estimate?

The Minnesota Department of Revenue (DOR) prepares revenue estimates that analyze how proposed draft tax legislation would change state tax collections or state expenditures for property tax, aids, and credits. Revenue estimates are prepared for all bills scheduled for a tax committee hearing in either the House or Senate tax committees.

What is a local impact note?

A local impact note is an estimate of the local government or school district fiscal impact of proposed legislation or rules. If the proposal meets certain criteria, a local impact note can be requested by the chair or ranking minority member of the Tax Committee in either legislative body.

Local impact notes are coordinated by the Legislative Budget Office (LBO) with input from local officials. A local impact note may take several weeks to months to complete depending on complexity and response from local officials. Once completed, local impact notes are available on the LBO's website.

Why is a revenue estimate important?

Revenue estimates provide an analysis of the estimated fiscal impact of proposed draft tax legislation. The estimates in the analysis inform both the executive and legislative branch about the fiscal impact of proposed changes to tax laws.

Is a revenue estimate different from a fiscal note?

The Legislative Budget Office (LBO) produces fiscal notes which include an analysis by state agencies of the fiscal impact of administrative or programmatic changes in proposed legislation. Fiscal notes do not include an analysis of changes to state tax collections or non-administrative expenditures related to property tax, aids, and/or credits. However, a fiscal note may refer to a revenue estimate in its analysis, and fiscal notes may be presented in Tax Committee hearings to show the fiscal impact on DOR administrative budgets.

Do revenue estimates include administrative costs?

MN House Fiscal Analysis
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Most revenue estimates include information on whether proposed legislation would have an impact on administrative budgets, but the revenue estimate itself does not include information on those costs or savings. Fiscal notes detail state agency costs, while a local impact note estimates the fiscal impact on local governments.

Can revenue estimates be classified differently?

There are two classes of revenue estimates: (1) public and (2) confidential.

DOR sends completed estimates of publicly introduced tax bills to the chief bill author via e-mail. Completed estimates of publicly introduced bills are also posted on the DOR website. DOR sends completed estimates of confidential tax bill proposals to the requesting member via a fiscal analyst. Confidential revenue estimates are not publicly posted.

How are revenue estimates generally requested?

Contact a fiscal analyst assigned to the Tax Committee to request an (public or confidential) official revenue estimate. Revenue estimates may be requested by email, by phone, or via a caucus researcher. All Minnesota House Fiscal Analysis services are always confidential. To ensure confidentiality, please make requests directly to a fiscal analyst.

How fast can a requested estimate be completed?

Timing for completion depends on DOR's workload, but revenue estimates are often available on the day before (or day of) a hearing. DOR gives high priority to revenue estimate requests for tax bills scheduled for a tax hearing. Estimates may be requested for bills with no scheduled hearing, but these are given much lower priority.

Can revenue estimates be revised?

Yes! A revenue estimate may be updated during the legislative session for several reasons. Estimates may need to be revised if there is a new economic forecast or if new data sources are available. Other reasons for revising an estimate include changes to federal law, corrections to mistakes in the estimate, or if there is an amendment to the bill. If the bill author intends to amend a bill during committee – in a way that may change the revenue estimate – please contact a fiscal analyst as soon as possible. An official revenue estimate may reflect the bill "as proposed to be amended."

What if the revenue estimate or fiscal note is wrong?

If a revenue estimate or fiscal note does not match the intent of the bill, contact a fiscal analyst. The fiscal analyst will review language and estimate assumptions with the member and will consult with DOR or the LBO staff to request a revised analysis.

Why do some revenue estimates include property tax benchmarks?

Since the 2011 legislative session, revenue estimates for property tax, aids and credits have been statutorily required to include property tax principles or benchmarks. The purpose of this requirement is to provide state policymakers with principles to better evaluate property tax, aids and credit proposals that come before the legislature. This requirement does not apply to revenue estimates that change tax revenue or tax policy.

How to Read a Tax Revenue Estimate from the MN Department of Revenue

Sections of a Revenue Estimate

A. Title
Identifies the state tax or property tax expenditure, aid, or credit impacted by the proposed legislation, along with a short description of the proposal.

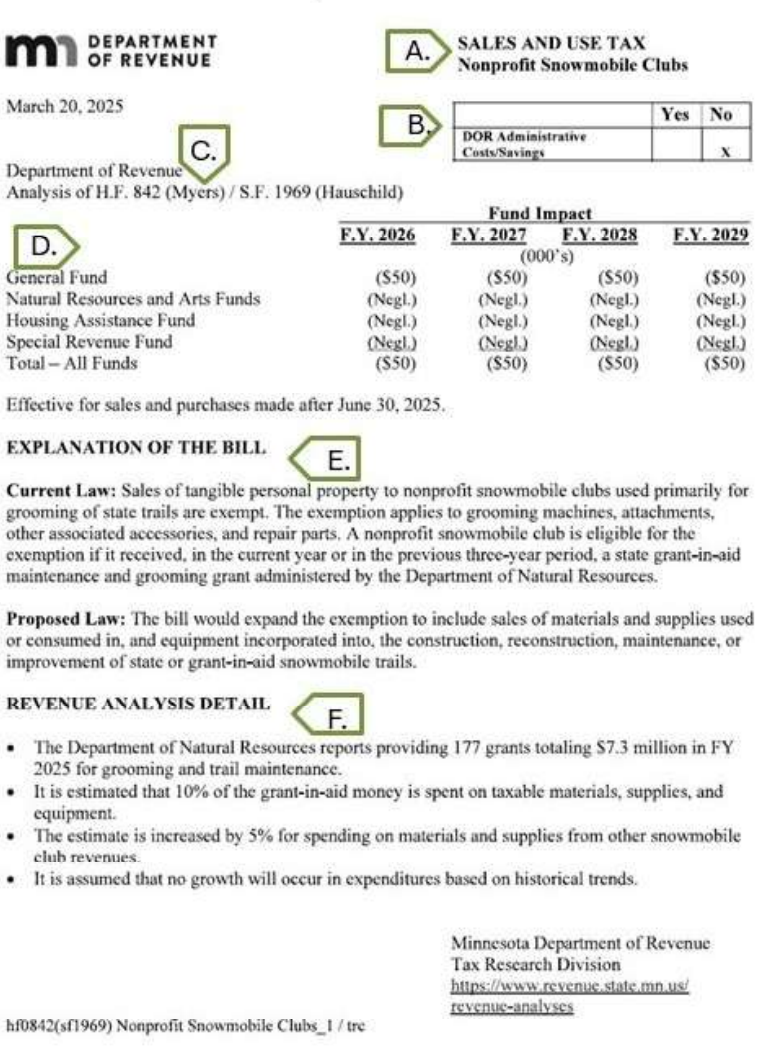
B. Agency Administrative Impact
Indicates if DOR has identified a fiscal impact on administrative budgets (costs or savings) with the proposal.

C. Proposed Legislation
A House or Senate file number or a bill draft number identify the proposal. An estimate will be posted on DOR's website if the bill has been introduced.

D. Revenue/Expenditures by Fund:
Shows the estimated direct impact of the proposed tax change by fund and fiscal year, compared to current law. Positive budget numbers indicate revenue gain (or cost savings) and negative estimates indicate revenue loss (or expenditures). The fiscal years included in the estimate are those covered in the current economic forecast window: the current biennium (FY 2028-29) and the tails (FY 2030-31).

E. Explanation of the Bill
Compares current law with the proposal and includes the effective date of the proposal.

F. Revenue Analysis Detail (Methodology):
Describes the estimate's data assumptions, sources (such as published studies or datasets), limitations, adjustments, and any interactions with other taxes.



DEPARTMENT OF REVENUE

A. **SALES AND USE TAX**
Nonprofit Snowmobile Clubs

March 20, 2025

B.

	Yes	No
DOR Administrative Costs/Savings		X

C.
Department of Revenue
Analysis of H.F. 842 (Myers) / S.F. 1969 (Hauschild)

D.

	Fund Impact F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
General Fund	($50)	($50)	($50)	($50)
Natural Resources and Arts Funds	(Negl.)	(Negl.)	(Negl.)	(Negl.)
Housing Assistance Fund	(Negl.)	(Negl.)	(Negl.)	(Negl.)
Special Revenue Fund	(Negl.)	(Negl.)	(Negl.)	(Negl.)
Total – All Funds	($50)	($50)	($50)	($50)

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

EXPLANATION OF THE BILL E.

Current Law: Sales of tangible personal property to nonprofit snowmobile clubs used primarily for grooming of state trails are exempt. The exemption applies to grooming machines, attachments, other associated accessories, and repair parts. A nonprofit snowmobile club is eligible for the exemption if it received, in the current year or in the previous three-year period, a state grant-in-aid maintenance and grooming grant administered by the Department of Natural Resources.

Proposed Law: The bill would expand the exemption to include sales of materials and supplies used or consumed in, and equipment incorporated into, the construction, reconstruction, maintenance, or improvement of state or grant-in-aid snowmobile trails.

REVENUE ANALYSIS DETAIL F.

- The Department of Natural Resources reports providing 177 grants totaling $7.3 million in FY 2025 for grooming and trail maintenance.
- It is estimated that 10% of the grant-in-aid money is spent on taxable materials, supplies, and equipment.
- The estimate is increased by 5% for spending on materials and supplies from other snowmobile club revenues.
- It is assumed that no growth will occur in expenditures based on historical trends.

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

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