



Don't deliver a 75-cent fee to every customer order!

A delivery fee mandated on nearly *every Minnesota consumer* is regressive and will negatively impact all families, as well as place an undue burden on businesses. This provision, as contained in the transportation omnibus bill, poses more questions than it provides answers. **As the state looks for thoughtful solutions to solve transportation challenges, the consumer delivery fee has undeniable impacts and insurmountable challenges.**

Impact to Minnesotans: The proposed delivery fee will impact every Minnesotan, no matter the size of their budget or where they live. As we face economic uncertainty and families make decisions about their spending, under this provision, should they choose delivery Minnesotans will be penalized.

Unfortunately, what this idea does not take into account is the income of an individual or family. Nor does it contemplate the access they may or may not have to food or necessary goods; and that they are already paying sales tax on purchased goods. Furthermore, Minnesotans receiving public assistance are not accounted for in this provision. SNAP items are not taxable, but if a recipient receives an order for delivery with a blend of eligible and non-eligible items, how does that interact with the fee? The Department of Revenue estimates that the average person will have 48 deliveries annually. For some family budgets, this measure will require real decisions and consequences.

Impact to Business Operations: As it is the retailer's responsibility to collect and remit the fee, the bill does not account for the intricacies required for a retailer to build a system to track, collect and remit the fees. As drafted the provision provides compensation to the Revenue Commissioner for costs to administer the retail delivery fee. Retailers will need to substantially invest in resources to comply with the fee, yet there is no support for that administration. Some businesses use delivery as a minor component to their business model; in which it would not be economical for them to operationally implement the fee.

Furthermore, there is no opportunity to allow a retailer to elect to pay the delivery fee themselves.

Transaction Implications: As drafted, the language is not clear around how certain transactions will interact. This raises many unanswered questions, including sales that are business to business or wholesale. These definitions are not explicitly addressed in the bill, nor does the bill provide direction on curbside pick-up or in-store-pick up relative to those options being considered a delivery. In addition, are volunteer delivery services (i.e. meal delivery) required to collect and remit the fee when there is a paying party such as a government grant, and what happens if a customer cancels or returns an order?

Colorado's Challenging Experience: On July 1, 2022 Colorado was the first and only state to-date to impose a retail delivery fee. Colorado's modest (when compared to Minnesota) 27 cent fee implementation has proven to be problematic, resulting in several proposed changes to law. According to local news outlet Denver 7, just months after the fee began and politicians heard blowback from consumers while campaigning, a restructuring of the bill is being considered including an exemption of small businesses and removal of the specific reporting line on a consumer's receipt. In addition, a lawsuit challenging the fee is in the courts.

Today's Economy: The proposed fee would also come at a time when consumers and businesses can least afford it, as economists warn the U.S. is teetering on the edge of a recession. If signed into law, Minnesotans would pay the highest delivery tax in the country --far superseding Colorado--whose new delivery tax has as mentioned wreaked havoc and resulted in frustration amongst businesses and consumers alike.

While there are more than three dozen unanswered questions surrounding this proposal, the reality is Minnesotans don't want a new fee on nearly every delivery.

We strongly urge you to say no to this new tax on Minnesota consumers and instead prioritize supporting the most vulnerable populations, encouraging economic growth and providing opportunity for all Minnesotans.