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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **4344**

03/16/2026 Authored by Agbaje and Davids  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; sales and use; providing for businesses to collect tourism  
1.3 improvement district charges from purchasers; modifying certain definitions;  
1.4 amending Minnesota Statutes 2024, sections 297A.61, subdivision 7; 428B.02,  
1.5 subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2024, section 297A.61, subdivision 7, is amended to read:

1.8 Subd. 7. **Sales price.** (a) "Sales price" means the measure subject to sales tax, and means  
1.9 the total amount of consideration, including cash, credit, personal property, and services,  
1.10 for which personal property or services are sold, leased, or rented, valued in money, whether  
1.11 received in money or otherwise, without any deduction for the following:

1.12 (1) the seller's cost of the property sold;

1.13 (2) the cost of materials used, labor or service cost, interest, losses, all costs of  
1.14 transportation to the seller, all taxes imposed on the seller, and any other expenses of the  
1.15 seller;

1.16 (3) charges by the seller for any services necessary to complete the sale, other than  
1.17 delivery and installation charges;

1.18 (4) delivery charges, except the percentage of the delivery charge allocated to delivery  
1.19 of tax exempt property, when the delivery charge is allocated by using either (i) a percentage  
1.20 based on the total sales price of the taxable property compared to the total sales price of all  
1.21 property in the shipment, or (ii) a percentage based on the total weight of the taxable property  
1.22 compared to the total weight of all property in the shipment; and

2.1 (5) installation charges.

2.2 (b) Sales price does not include:

2.3 (1) discounts, including cash, terms, or coupons, that are not reimbursed by a third party  
2.4 and that are allowed by the seller and taken by a purchaser on a sale;

2.5 (2) interest, financing, and carrying charges from credit extended on the sale of personal  
2.6 property or services, if the amount is separately stated on the invoice, bill of sale, or similar  
2.7 document given to the purchaser; and

2.8 (3) any taxes legally imposed directly on the consumer that are separately stated on the  
2.9 invoice, bill of sale, or similar document given to the purchaser, including a service charge  
2.10 imposed under section 428B.03, if the business, as defined under section 428B.01,  
2.11 subdivision 3, collects the service charge from the purchaser.

2.12 (c) Sales price includes consideration received by the seller from third parties if:

2.13 (1) the seller actually receives consideration from a party other than the purchaser and  
2.14 the consideration is directly related to a price reduction or discount on the sale;

2.15 (2) the seller has an obligation to pass the price reduction or discount through to the  
2.16 purchaser;

2.17 (3) the amount of the consideration attributable to the sale is fixed and determinable by  
2.18 the seller at the time of the sale of the item to the purchaser; and

2.19 (4) one of the following criteria is met:

2.20 (i) the purchaser presents a coupon, certificate, or other documentation to the seller to  
2.21 claim a price reduction or discount when the coupon, certificate, or documentation is  
2.22 authorized, distributed, or granted by a third party with the understanding that the third party  
2.23 will reimburse any seller to whom the coupon, certificate, or documentation is presented;

2.24 (ii) the purchaser identifies himself or herself to the seller as a member of a group or  
2.25 organization entitled to a price reduction or discount. A "preferred customer" card that is  
2.26 available to any customer does not constitute membership in such a group; or

2.27 (iii) the price reduction or discount is identified as a third-party price reduction or discount  
2.28 on the invoice received by the purchaser or on a coupon, certificate, or other documentation  
2.29 presented by the purchaser.

2.30 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
2.31 made after June 30, 2025.

3.1 Sec. 2. Minnesota Statutes 2024, section 428B.02, subdivision 4, is amended to read:

3.2 Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a  
3.3 service charge on a business pursuant to this chapter for the purpose of providing activities  
3.4 and improvements that will provide benefits to a business that is located within the tourism  
3.5 improvement district and subject to the tourism improvement district service charge. Each  
3.6 business paying a service charge within a district must benefit directly or indirectly from  
3.7 improvements provided by a tourism improvement association, provided, however, the  
3.8 business need not benefit equally. Service charges must be based on a percent of gross  
3.9 business revenue, a fixed dollar amount per transaction, or any other reasonable method  
3.10 based upon benefit and approved by the municipality. A business may but is not required  
3.11 to collect the service charge imposed by this section from the purchaser as long as the service  
3.12 charge is separately stated on the receipt, invoice, bill of sale, or similar document given to  
3.13 the purchaser.

3.14 (b) Service charges may be used to cover the costs of collections, as well as other  
3.15 administrative costs associated with operating, forming, or maintaining the district.

3.16 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2025.