

March 13, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3381 (Johnson, W.) / S.F. 3753 (Putnam)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$0	(\$570)	(\$640)	(\$660)
Natural Resources and Arts Funds	\$0	(\$30)	(\$40)	(\$40)
Housing Assistance Fund	\$0	(\$10)	(\$10)	(\$20)
Special Revenue Fund	<u>\$0</u>	<u>(\$10)</u>	<u>(\$10)</u>	<u>(\$10)</u>
Total – All Funds	\$0	(\$620)	(\$700)	(\$730)

Effective for sales and purchases made after June 30, 2026.

EXPLANATION OF THE BILL

Current Law: Sales to a nonprofit organization are exempt if the organization is a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes. Items purchased must be used in the performance of charitable, religious, or educational functions to qualify for the exemption. The exemption does not apply to the sales of prepared food.

Proposed Law: The bill would create a sales tax exemption for prepared food purchased by a nonprofit organization with a Minnesota sales tax exemption that is distributed in the performance of its exempt purpose.

REVENUE ANALYSIS DETAIL

- The IRS Exempt Organizations Business Master File was used to identify Minnesota nonprofit organizations involved in the distribution of prepared food. Additional data on organizational spending was derived from publicly available audited financial statements.
- It is estimated that expenses on purchases of prepared food for identified organizations were \$7.9 million in fiscal year 2024.
- The estimates were increased 10% to account for additional organizations that might have expenditures that qualify for the exemption.
- The food and beverage price index developed by SPGMI was used for growth rates.
- The fiscal year 2027 estimates are adjusted for eleven months of collections.

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