

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 252

**DATE:** March 10, 1999

**Version:** As introduced

**Authors:** Westfall and others

**Subject:** Reducing the sales tax rate for one year

**Analyst:** Pat Dalton, 651-296-7434

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

The general sales and use tax rate, which is currently 6.5 percent, applies to most taxable sales in the state. The exceptions are sales of liquor and beer (taxed at 9.0 percent), and farm machinery and equipment (currently taxed at 2.0 percent, phasing out to zero). Motor vehicle rentals are taxed at the 6.5 percent rate plus an additional 6.2 percent. The motor vehicles sales tax rate under chapter 297B is defined as the same rate as the general sales tax rate.

- 1 Sales tax rate; generally.** Reduces the general sales tax rate from 6.5 percent to 3.0 percent for one year, fiscal year 2000. This reduction affects all taxable sales except sales of liquor and beer and farm machinery and equipment.
- 2 Effective date.** The rate reduction is effective for sales made after June 30, 1999 and before July 1, 2000.