

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 401

DATE: March 2, 2009

Version: As introduced

Authors: Solberg and Lenczewski

Subject: Defining “solicitor” for sales tax nexus purposes

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The bill defines a “solicitor” as a person who enters into a contract to directly or indirectly refer potential customers to a business or the Web site of the business. States that a business is presumed to have a solicitor in this state, and therefore has a duty to collect the state sales tax, if it has at least \$10,000 annually of sales into Minnesota based on referrals from residents of this state or businesses with a physical presence in the state. Provides for a rebuttal of that presumption. Effective beginning with sales made after June 30, 2009.

This law is based on a law recently enacted in the state of New York. The law is aimed at establishing a duty to collect sales tax on out-of-state Internet businesses, such as Amazon.com, that enter into contracts with bloggers to put links from their sites to the company’s website. The contracts often specify payment based on the number of “referrals” or the amount of sales generated through these links. Amazon challenged the New York law in a state court as violating the interstate commerce clause. The New York court upheld that law.