

Subject Retail delivery fee; transportation funding

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Overview

This bill, as proposed to be amended by the H0580A4 amendment, imposes a retail delivery fee of 75 cents per transaction on sales of tangible personal property subject to the state sales tax when the items purchased are delivered to the purchaser beginning July 1, 2024.

The revenue raised by this fee is allocated to the following:

- one percent to a food delivery support account;
- 45 percent to the highway user tax distribution fund;
- 24 percent to a larger cities assistance account;
- 19 percent to the small cities assistance account; and
- 11 percent to the town road account.

The bill also appropriates \$25 million from the trunk highway fund for intersection conversion projects.

Summary

Section	Description
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1	Larger cities assistance.
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Creates the larger cities assistance account and provides for distribution of the funds.

Subd. 1. Larger cities assistance account. Creates the larger cities assistance account in the special revenue fund.

Subd. 2. Distribution formula. Directs the Minnesota Department of Transportation (MnDOT) to distribute funds in the account to cities that receive municipal state-aid street (MSAS) funds. The money is to be apportioned:

- 50 percent proportionally based on population; and

Section	Description
	<ul style="list-style-type: none">▪ 50 percent based on the calculation of street construction and maintenance needs used in the MSAS aid calculation.
2	<p>Definitions.</p> <p>Defines terms related to the imposition and administration of the retail delivery fee.</p>
3	<p>Fee imposed.</p> <p>Requires retailers making delivery sales via motor vehicle to impose a retail delivery fee of 75 cents per transaction to be collected from the purchaser. Requires the fee be separately stated on a receipt or invoice. Clarifies that the retail delivery fee is in addition to any other delivery fees assessed by the retailer. Specifies that only one fee is imposed regardless of the number of shipments necessary to complete the transaction.</p> <p>Requires the retailer to remit the fee to the commissioner of revenue.</p>
4	<p>Exemptions.</p> <p>Exempts from the retail delivery fee transactions in which the only items purchased are items that are exempt from state sales tax, except for the purchase of clothing.</p> <p>Exempts entities that are exempt from paying state sales tax from the retail delivery fee.</p>
5	<p>Collection and administration.</p> <p>Dictates that the statutes governing the administration of the state sales tax also apply to this fee. Requires retailers to remit the fee to the commissioner on a return prescribed by the commissioner and on the same filing cycle as required for state sales tax.</p>
6	<p>Deposit of proceeds.</p> <p>Subd. 1. Costs deducted. Allows the commissioner of revenue to deduct costs of administering the fee from the proceeds of the fee and deposit those amounts in the special revenue fund.</p> <p>Subd. 2. Deposits. Requires the balance of the proceeds be deposited as follows:</p> <ul style="list-style-type: none">▪ one percent to a food delivery support account (being established in the bill);▪ 45 percent to the highway user tax distribution fund;▪ 24 percent to a larger cities assistance account (being established in the bill);

Section	Description
	<ul style="list-style-type: none">▪ 19 percent to the small cities assistance account; and▪ 11 percent to the town road account.
7	<p>Food delivery support account; appropriation.</p> <p>Establishes an account for food delivery support, which receives a portion of the revenue from the retail delivery fee. Appropriates money in the account to the Minnesota Board on Aging for grants to nonprofit organizations for food transportation services.</p>
8	<p>Revenue department service and recovery special revenue fund.</p> <p>Authorizes the commissioner of revenue to deposit a portion of the retail delivery fee proceeds to cover the cost of administration in the revenue department service and recovery special revenue fund.</p>
9	<p>Sales price.</p> <p>Establishes that the retail delivery fee is not factored into the calculation of sales price for state sales tax purposes.</p>
10	<p>Appropriation; high-priority intersection conversions.</p> <p>Appropriates \$25 million from the trunk highway fund for intersection conversion projects that meet specified criteria. Makes the funds available until June 30, 2030.</p>



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