



Support a Vendor Allowance for Collecting and Remitting Sales and Use Tax

POSITION: Hospitality Minnesota supports legislation to provide a vendor allowance for collecting and remitting the state sales and use tax. Brick and mortar businesses continue to be impacted by higher costs, burdensome mandates, and increased regulations that create competitive disadvantages with border communities and online retailers. A sales and use tax vendor collection allowance will compensate main street Minnesota businesses for collecting and remitting sales and use tax to the state.

SUPPORTING STATEMENTS:

- 28 states currently allow retailers a vendor allowance for collecting and remitting sales and use tax. Most all states bordering Minnesota reimburse retailers for collecting and remitting sales and use tax.
- According to a 2014 report by Price Waterhouse Coopers, it costs the average retailer 3.09% of the tax they collect to administer sales and local taxes, including the processing fees for credit and debit cards.¹
- Minnesota businesses currently pay 100% of the costs associated with collecting and remitting state sales taxes, which include payment card fees, employee training, point of sale system programming, accounting, remitting and auditing.
- In 2013, the Minnesota Legislature passed a reimbursement for collecting and remitting 911 fees and taxes on the sale of mobile phones, acknowledging significant costs on businesses for collection.
- The allowance being proposed ranges from .75% to 2% depending on the size of the enterprise. This is reasonable and would be very helpful to small business owners.
- An allowance would only be authorized when taxes are remitted on time and paid online. The State would benefit by having an additional incentive for timely and efficient remittance.

¹ PWC, Paying Taxes 2014: The Global Picture

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