



**SALES AND USE TAX
Land Clearing Services and Equipment**

March 11, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 297 (Klein) /H.F. 952 (Koznick)

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Land Clearing Redefined	(\$400)	(\$450)	(\$470)	(\$480)
Detachable units	<u>\$300</u>	<u>\$330</u>	<u>\$330</u>	<u>\$330</u>
General Fund Total	(\$100)	(\$120)	(\$140)	(\$150)
Land Clearing Redefined	(\$20)	(\$30)	(\$30)	(\$30)
Detachable units	<u>\$20</u>	<u>\$20</u>	<u>\$20</u>	<u>\$20</u>
Natural Resources and Arts Funds Total	\$0	(\$10)	(\$10)	(\$10)
Land Clearing Redefined	(\$10)	(\$10)	(\$10)	(\$10)
Detachable units	<u>\$10</u>	<u>\$10</u>	<u>\$10</u>	<u>\$10</u>
Housing Assistance Fund Total	\$0	\$0	\$0	\$0
Land Clearing Redefined	Negl.	(\$10)	(\$10)	(\$10)
Detachable units	<u>Negl.</u>	<u>Negl.</u>	<u>Negl.</u>	<u>Negl.</u>
Special Revenue Fund Total	Negl.	(\$10)	(\$10)	(\$10)
Total – All Funds	(\$100)	(\$140)	(\$160)	(\$170)

Effective for sales and purchases of the tree removal services and detachable units sales after June 30, 2025.

EXPLANATION OF THE BILL

Current Law: Most lawn and gardening services are taxable, except when they are part of an initial land clearing contract. Purchases of separate detachable units attached to a machine used for providing lawn care services are currently exempt when they are used to provide the taxable service.

Proposed Law: The bill expands to include tree, bush, shrub, and stump removal services to be a part of the land clearing contract when a portion of a site undergoes remodeling, improvement or expansion of an existing structure. The detachable accessories and tools used to provide the service do not qualify for exemption.

REVENUE ANALYSIS DETAIL

Land Clearing Contract

- Based on industry sources tree removal services in Minnesota is estimated at \$144 million for calendar year 2023.
- It is estimated that services impacted by the bill are about \$6.13 million.
- Fiscal Year 2026 is adjusted for eleven months of collection.

Detachable Units

- Based on industry sources the entire parts and attachment share for lawn and garden equipment market in Minnesota is estimated at \$12.6 million.
- It is assumed that 50% constitutes the detachable units with an ordinary useful life of less than 12 months.
- It is assumed that about 80% of the detachable units are purchased by businesses offering lawn care services.
- Fiscal Year 2026 is adjusted for eleven months of collection.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)