

February 10, 2025

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 18 (Engen)

	<b>Fund Impact</b>			
	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
General Fund	(\$10,080)	(\$11,290)	(\$11,530)	(\$11,770)
Natural Resources and Arts Funds	(\$580)	(\$650)	(\$670)	(\$680)
Total – All Funds	(\$10,660)	(\$11,940)	(\$12,200)	(\$12,450)

Effective for sales and purchases made after June 30, 2025.

**EXPLANATION OF THE BILL**

**Current Law:** Breast pumps, baby bottles and nipples, pacifiers, teething rings, and infant syringes are exempt from the sales and use tax.

**Proposed Law:** The bill would expand the exemption for baby products. Items that would newly qualify for the exemption are baby wipes, cribs and bassinets, crib and bassinet mattresses, crib and bassinet sheets, changing tables, changing pads, strollers, car seats, baby swings, bottle sterilizers, and infant eating utensils.

**REVENUE ANALYSIS DETAIL**

- The estimate is based on information from industry market research.
- It is estimated that the United States’ market for baby products exempt by the proposal was approximately \$9.2 billion in 2024.
- The ratio of Minnesota’s birth rate compared to the United States was used to apportion the data. The ratio is 1.76%.
- January 2025 growth rates from S&P Global for consumer prices were used to estimate future purchases.
- The fiscal year 2026 estimates are adjusted for eleven months of collections.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>