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Craig Will has fielded more than his share of grumbling customers since a new state tax on farm equipment repairs took effect.

Will works at Midwest Machinery in Sauk Rapids, which repairs farm implements and other equipment. Will says many farmers who bring their machines in for repairs aren't aware of the new sales tax, which took effect July 1.

"They don't like it, and I don't blame them," Will said. "If you have a \$5,000, \$10,000 or \$20,000 repair bill, this amounts to a lot of money."

Farmers and repair shops aren't alone in bashing the tax, which has become the product of the 2013 legislative session that no one wants to claim. Gov. Mark Dayton, who signed the tax into law in May, as well as many lawmakers — some of whom voted to enact it — now are disavowing it.

It now appears the tax may be scrapped not long after it was implemented. But first, lawmakers must agree on whether it will be a part of a proposed special session of the Legislature next month.

What's on the agenda?

Earlier this month at Farm Fest, southwest Minnesota's annual agriculture expo, Dayton signaled a new willingness to expand the agenda of a possible special session to include repealing the farm equipment repair tax. Previously, Dayton had said a special session should be limited to disaster relief for storms that passed through parts of Minnesota, including the St. Cloud area, in June.

Republican lawmakers have reveled in talk of repeal, calling the special session a "do-over" for DFLers. They want the governor and DFL lawmakers to go a step further during the special session and repeal another newly adopted sales tax, one

that applies to warehousing services. At least one area DFLer, Rep. Zachary Dorholt

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on when to repeal the farm repair tax, which applies to labor on farm equipment repair. Repair parts for farm equipment remain exempt from state sales tax.

“The special session affords us the opportunity to do this,” Swenson said. Dayton “knows that farmers are paying this tax now, and he wants to do something to fix it.”

In remarks to reporters last week, Dayton said a reason to act swiftly on repealing the tax is because its passage was accidental. He said he wasn't aware until it was too late that a broader expansion of the sales tax to commercial equipment repair — part of the tax law that took effect last month — also includes farm equipment.

Dayton now wants to leave the broader commercial equipment repair tax in place but pass a narrow exemption for farm equipment.

Dayton also says he favors repealing the warehousing tax. But it isn't slated to take effect until April, so Dayton says there's time to discuss it during the opening weeks of the 2014 legislative session, which starts in February.

GOP Rep. Paul Anderson, a farmer from Starbuck, says farm-equipment repair shops in his district tell him they didn't get much guidance from state officials on how to implement that new tax. Anderson says he'd like to help repeal the tax and wants refunds for people those who've paid it.

“What strikes me as the funniest was the governor saying he didn't know about this tax. My goodness, that's what his staff is for. That's a little bit concerning,” Anderson said. “I appreciate the fact that he's willing to say it's a mistake; let's go back and do it over. But it maybe shouldn't have happened in the first place, is what a lot of us think.”

‘Nobody ever said it was clean’

Dorholt was among the DFL legislative majority that passed the sweeping tax law

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chain with locations in St. Mary, Kimball and elsewhere in Minnesota.

Welle says implementing the new sales tax has been a huge headache for his business. He says state Department of Revenue officials have struggled to explain the new tax, sowing confusion in an already irksome process.

“We’ve already spent quite a bit of money — a lot of headaches and a lot of time — putting things in place to collect the tax,” Welle said. “After we’ve spent all the time and energy to do this, they’re going to repeal this? Why didn’t they figure it out first?”

At Midwest Machinery, Will says he was encouraged to hear Dayton suggest a swift scuttling of the tax. Now Will hopes that suggestion will be followed by swift action.

“We’ll kind of find out if the governor’s all talk,” Will said, “or if he’s going to do something.”

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