S.F. No. 2288, as introduced - 87th Legislative Session (2011-2012) [12-5434]

SENATE STATE OF MINNESOTA EIGHTY-SEVENTH LEGISLATURE

A bill for an act

S.F. No. 2288

(SENATE AUTHORS: FISCHBACH)

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DATE D-PG **OFFICIAL STATUS** 03/08/2012 Introduction and first reading 4236 Referred to Taxes See HF2337, Art. 3, Sec. 6-7 (vetoed) See HF247, Art. 9, Sec. 6-7 (vetoed)

1.2 1.3	relating to taxation; sales and use; modifying exemptions; amending Minnesota Statutes 2010, section 297A.70, subdivision 4, by adding a subdivision.
1.4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.5	Section 1. Minnesota Statutes 2010, section 297A.70, subdivision 4, is amended to
1.6	read:
1.7	Subd. 4. Sales to nonprofit groups. (a) All sales, except those listed in paragraph
1.8	(b), to the following "nonprofit organizations" are exempt:
1.9	(1) a corporation, society, association, foundation, or institution organized and
1.10	operated exclusively for charitable, religious, or educational purposes if the item
1.11	purchased is used in the performance of charitable, religious, or educational functions; and
1.12	(2) any senior citizen group or association of groups that:
1.13	(i) in general limits membership to persons who are either age 55 or older, or
1.14	physically disabled;
1.15	(ii) is organized and operated exclusively for pleasure, recreation, and other
1.16	nonprofit purposes, not including housing, no part of the net earnings of which inures to
1.17	the benefit of any private shareholders; and
1.18	(iii) is an exempt organization under section 501(c) of the Internal Revenue Code.
1.19	For purposes of this subdivision, charitable purpose includes the maintenance of a
1.20	cemetery owned by a religious organization.
1.21	(b) This exemption does not apply to the following sales:

(1) building, construction, or reconstruction materials purchased by a contractor

or a subcontractor as a part of a lump-sum contract or similar type of contract with a

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guaranteed maximum price covering both labor and materials for use in the construction
alteration, or repair of a building or facility;

- (2) construction materials purchased by tax-exempt entities or their contractors to be used in constructing buildings or facilities that will not be used principally by the tax-exempt entities; and
- (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except wine purchased by an established religious organization for sacramental purposes or as allowed under subdivision 9a; and
- (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).
- (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:
- (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and
- (2) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose.
- (d) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.
- 2.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 2.24 June 30, 2012.
- Sec. 2. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision to read:
 - Subd. 9a. Established religious orders. Sales of lodging, prepared food, candy, soft drinks, and alcoholic beverages at noncatered events between an established religious order and an affiliated institution of higher education are exempt. For purposes of this subdivision, an institution of higher education is "affiliated" with an established religious order if members of the religious order are represented on the governing board of the institution of higher education and the two organization share campus space and common facilities.

Sec. 2. 2

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3.2 <u>June 30, 2012.</u>

Sec. 2. 3