SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 388

(SENATE AUTHORS: REST)

DATE	D-PG	OFFICIAL STATUS
01/29/2015	166	Introduction and first reading Referred to Taxes

1.1   A bill for an act

1.2   relating to taxation; sales and use tax; expanding the exemption for sales to

1.3   certain nonprofit organizations; amending Minnesota Statutes 2014, section

1.4   297A.70, subdivision 4.

1.5   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6   Section 1. Minnesota Statutes 2014, section 297A.70, subdivision 4, is amended to 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   and

1.20   (3) a nonprofit organization that provides athletic training for youth and adults

1.21   provided that:

1.22   (i) the organization would be exempt under clause (1), except that it provides

1.23   training for persons over the age of 18; and

2.1   (ii) the organization is sanctioned by or affiliated with at least one national governing

2.2   body recognized by the United States Olympic Committee.

2.3   For purposes of this subdivision, charitable purpose includes the maintenance of a

2.4   cemetery owned by a religious organization.

2.5   (b) This exemption does not apply to the following sales:

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

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

2.8   guaranteed maximum price covering both labor and materials for use in the construction,

2.9   alteration, or repair of a building or facility;

2.10   (2) construction materials purchased by tax-exempt entities or their contractors to

2.11   be used in constructing buildings or facilities that will not be used principally by the

2.12   tax-exempt entities;

2.13   (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause

2.14   (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section

2.15   297A.67, subdivision 2, except wine purchased by an established religious organization

2.16   for sacramental purposes or as allowed under subdivision 9a; and

2.17   (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except

2.18   as provided in paragraph (c).

2.19   (c) This exemption applies to the leasing of a motor vehicle as defined in section

2.20   297B.01, subdivision 11, only if the vehicle is:

2.21   (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a

2.22   passenger automobile, as defined in section 168.002, if the automobile is designed and

2.23   used for carrying more than nine persons including the driver; and

2.24   (2) intended to be used primarily to transport tangible personal property or

2.25   individuals, other than employees, to whom the organization provides service in

2.26   performing its charitable, religious, or educational purpose.

2.27   (d) A limited liability company also qualifies for exemption under this subdivision if

2.28   (1) it consists of a sole member that would qualify for the exemption, and (2) the items

2.29   purchased qualify for the exemption.

2.30   **EFFECTIVE DATE.** This section is effective for sales and purchases made after

2.31   June 30, 2015.