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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 352

02/04/2013 Authored by Anderson, P.; McNamar; Davids; Schomacker and Urdahl  
The bill was read for the first time and referred to the Committee on Health and Human Services Policy

1.1 A bill for an act  
1.2 relating to sales and use taxation; amending Minnesota Statutes 2012, sections  
1.3 297A.70, subdivision 7; 297A.75, subdivisions 1, 2.

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

1.5 Section 1. Minnesota Statutes 2012, section 297A.70, subdivision 7, is amended to read:

1.6 Subd. 7. **Hospitals and, outpatient surgical centers, and critical access dental**  
1.7 **providers.** (a) Sales, except for those listed in paragraph ~~(e)~~ (d), to a hospital are exempt,  
1.8 if the items purchased are used in providing hospital services. For purposes of this  
1.9 subdivision, "hospital" means a hospital organized and operated for charitable purposes  
1.10 within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under  
1.11 chapter 144 or by any other jurisdiction, and "hospital services" are services authorized or  
1.12 required to be performed by a "hospital" under chapter 144.

1.13 (b) Sales, except for those listed in paragraph ~~(e)~~ (d), to an outpatient surgical center  
1.14 are exempt, if the items purchased are used in providing outpatient surgical services. For  
1.15 purposes of this subdivision, "outpatient surgical center" means an outpatient surgical  
1.16 center organized and operated for charitable purposes within the meaning of section  
1.17 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other  
1.18 jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means:  
1.19 (1) services authorized or required to be performed by an outpatient surgical center under  
1.20 chapter 144; and (2) urgent care. For purposes of this subdivision, "urgent care" means  
1.21 health services furnished to a person whose medical condition is sufficiently acute to  
1.22 require treatment unavailable through, or inappropriate to be provided by, a clinic or  
1.23 physician's office, but not so acute as to require treatment in a hospital emergency room.

2.1 (c) Sales, except for those listed in paragraph (d), to a critical access dental provider  
 2.2 are exempt, if the items purchased are used in providing critical access dental care  
 2.3 services. For the purposes of this subdivision, "critical access dental provider" means  
 2.4 a dentist or dental clinic designated as a critical access dental provider under section  
 2.5 256B.76, subdivision 4, that serve only recipients of Minnesota health care programs.

2.6 (d) This exemption does not apply to the following products and services:

2.7 (1) purchases made by a clinic, physician's office, or any other medical facility not  
 2.8 operating as a hospital or, outpatient surgical center, or critical access dental provider,  
 2.9 even though the clinic, office, or facility may be owned and operated by a hospital or,  
 2.10 outpatient surgical center, or critical access dental provider;

2.11 (2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and  
 2.12 prepared food, candy, and soft drinks;

2.13 (3) building and construction materials used in constructing buildings or facilities  
 2.14 that will not be used principally by the hospital or, outpatient surgical center, or critical  
 2.15 access dental provider;

2.16 (4) building, construction, or reconstruction materials purchased by a contractor or a  
 2.17 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
 2.18 maximum price covering both labor and materials for use in the construction, alteration, or  
 2.19 repair of a hospital or, outpatient surgical center, or critical access dental provider; or

2.20 (5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

2.21 ~~(d)~~ (e) A limited liability company also qualifies for exemption under this  
 2.22 subdivision if (1) it consists of a sole member that would qualify for the exemption, and  
 2.23 (2) the items purchased qualify for the exemption.

2.24 ~~(e)~~ (f) An entity that contains both a hospital and a nonprofit unit may claim this  
 2.25 exemption on purchases made for both the hospital and nonprofit unit provided that:

2.26 (1) the nonprofit unit would have qualified for exemption under subdivision 4; and

2.27 (2) the items purchased would have qualified for the exemption.

2.28 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 2.29 made after June 30, 2007. Purchasers may apply for a refund of tax paid for qualifying  
 2.30 purchases under this subdivision made after June 30, 2007, and before July 1, 2013, in the  
 2.31 manner provided in Minnesota Statutes, section 297A.75.

2.32 Sec. 2. Minnesota Statutes 2012, section 297A.75, subdivision 1, is amended to read:

2.33 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the  
 2.34 following exempt items must be imposed and collected as if the sale were taxable and the  
 2.35 rate under section 297A.62, subdivision 1, applied. The exempt items include:

- 3.1 (1) capital equipment exempt under section 297A.68, subdivision 5;
- 3.2 (2) building materials for an agricultural processing facility exempt under section
- 3.3 297A.71, subdivision 13;
- 3.4 (3) building materials for mineral production facilities exempt under section
- 3.5 297A.71, subdivision 14;
- 3.6 (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- 3.7 (5) building materials used in a residence for disabled veterans exempt under section
- 3.8 297A.71, subdivision 11;
- 3.9 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 3.10 (7) building materials for the Long Lake Conservation Center exempt under section
- 3.11 297A.71, subdivision 17;
- 3.12 (8) materials and supplies for qualified low-income housing under section 297A.71,
- 3.13 subdivision 23;
- 3.14 (9) materials, supplies, and equipment for municipal electric utility facilities under
- 3.15 section 297A.71, subdivision 35;
- 3.16 (10) equipment and materials used for the generation, transmission, and distribution
- 3.17 of electrical energy and an aerial camera package exempt under section 297A.68,
- 3.18 subdivision 37;
- 3.19 (11) commuter rail vehicle and repair parts under section 297A.70, subdivision 3,
- 3.20 paragraph (a), clause (10);
- 3.21 (12) materials, supplies, and equipment for construction or improvement of projects
- 3.22 and facilities under section 297A.71, subdivision 40;
- 3.23 (13) materials, supplies, and equipment for construction or improvement of a meat
- 3.24 processing facility exempt under section 297A.71, subdivision 41;
- 3.25 (14) materials, supplies, and equipment for construction, improvement, or expansion
- 3.26 of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision
- 3.27 42;
- 3.28 (15) enterprise information technology equipment and computer software for use in
- 3.29 a qualified data center exempt under section 297A.68, subdivision 42; ~~and~~
- 3.30 (16) materials, supplies, and equipment for qualifying capital projects under section
- 3.31 297A.71, subdivision 44; and
- 3.32 (17) items purchased for use in providing critical access dental services exempt
- 3.33 under section 297A.70, subdivision 7, paragraph (c).

3.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.35 Sec. 3. Minnesota Statutes 2012, section 297A.75, subdivision 2, is amended to read:

4.1 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
4.2 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items  
4.3 must be paid to the applicant. Only the following persons may apply for the refund:

4.4 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

4.5 (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental  
4.6 subdivision;

4.7 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits  
4.8 provided in United States Code, title 38, chapter 21;

4.9 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead  
4.10 property;

4.11 (5) for subdivision 1, clause (8), the owner of the qualified low-income housing  
4.12 project;

4.13 (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or  
4.14 a joint venture of municipal electric utilities;

4.15 (7) for subdivision 1, clauses (10), (13), (14), and (15), the owner of the qualifying  
4.16 business; ~~and~~

4.17 (8) for subdivision 1, clauses (11), (12), and (16), the applicant must be the  
4.18 governmental entity that owns or contracts for the project or facility; and

4.19 (9) for subdivision 1, clause (17), the applicant must be the purchaser who qualified  
4.20 as a critical access dental provider under section 297A.70, subdivision 7, paragraph (c),  
4.21 at the time of purchase.

4.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.