This Document can be made available
in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1311

03/02/2015 Authored by Pugh
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

A bill for an act

relating to taxation; sales and use; modifying the exemption for local government purchases; amending Minnesota Statutes 2014, section 297A.70, subdivision 2.

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

Section 1. Minnesota Statutes 2014, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, local governments, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt through December 31, 2016;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(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 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 which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities;

(4) 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 for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or

(5) goods or services purchased by a local government as inputs to a liquor store, gas or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf course, marina, campground, cafe, or laundromat.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

(d) For purposes of the exemption granted under this subdivision, "local governments" has the following meaning:

(1) for the period prior to January 1, 2016, local governments means statutory or home rule charter cities, counties, ~~and~~ townships, and any joint powers board or organization created under section 471.59; and

(2) ~~for the period of~~ beginning January 1, 2016, ~~to December 31, 2016,~~ local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465, except for the Metropolitan Council under sections 473.123 to 473.549; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59~~; and~~.

~~(3) beginning January 1, 2017, local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014. For the period beginning July 1, 2014, and ending June 30, 2015, a joint powers board or organization that paid sales taxes on exempt purchases may file directly for a refund as provided in section 2.

Sec. 2. **TEMPORARY REFUND MECHANISM.**

Any joint powers board or organization that paid sales tax on purchases made after June 30, 2014, and before July 1, 2015, may apply directly to the commissioner of revenue for a refund under this section. The application must be made on forms prescribed by the commissioner and the purchaser may make only one application for the entire period. Interest on the refund shall be paid at the rate in Minnesota Statutes, section 270C.405, from 90 days after the refund claim is filed with the commissioner of revenue. The amount required to make the refunds is annually appropriated to the commissioner of revenue.

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