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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2031

01/30/2012 Authored by Downey and Stensrud
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to sales and use tax; exempting nonbusiness purchases made over the
1.3 Internet; amending Minnesota Statutes 2010, section 297A.67, by adding a
1.4 subdivision.

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

1.6 Section 1. Minnesota Statutes 2010, section 297A.67, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 33. Personal Internet purchases. (a) Sales and purchases of products
1.9 or services made over the Internet are exempt provided that the product or service is
1.10 delivered to the purchaser either (1) electronically, or (2) through a common carrier.
1.11 Purchases or sales where the consumer takes delivery of the good or service on premises
1.12 owned or controlled by the seller or where the seller uses its own vehicles to deliver the
1.13 good or service to the purchaser are not included in this exemption.

1.14 (b) The exemption in this subdivision does not include electronic purchases of
1.15 goods and services for business purposes. For purposes of this subdivision, "purchases of
1.16 goods and services for business purposes" means the purchase of any product or good
1.17 that qualifies as an ordinary and necessary business expense that is deductible under the
1.18 Internal Revenue Code or must be capitalized and that may be deducted under depreciation
1.19 or amortization rules under the Internal Revenue Code.

1.20 EFFECTIVE DATE. This section is effective for sales and purchases made after
1.21 June 30, 2012.