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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 283

January 22, 2007

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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 taxation; exempting cities, counties, and townships from sales tax;
1.3 amending Minnesota Statutes 2006, section 297A.70, subdivision 2.

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

1.5 Section 1. Minnesota Statutes 2006, section 297A.70, subdivision 2, is amended to
1.6 read:

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

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

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

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

1.18 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip
1.19 operations provided for in section 473.4051;

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

1.22 (6) sales to public libraries, public library systems, multicounty, multitype library
1.23 systems as defined in section 134.001, county law libraries under chapter 134A, state

2.1 agency libraries, the state library under section 480.09, and the Legislative Reference
2.2 Library; and

2.3 (7) goods or services purchased by a city, county, or township, except for items
2.4 purchased for the provision of goods or services that are:

2.5 (i) generally provided by a private business; and

2.6 (ii) the purchases would be taxable if made by a private business engaged in the
2.7 same activity.

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

2.9 (1) building, construction, or reconstruction materials purchased by a contractor
2.10 or a subcontractor as a part of a lump-sum contract or similar type of contract with a
2.11 guaranteed maximum price covering both labor and materials for use in the construction,
2.12 alteration, or repair of a building or facility;

2.13 (2) construction materials purchased by tax exempt entities or their contractors to
2.14 be used in constructing buildings or facilities which will not be used principally by the
2.15 tax exempt entities;

2.16 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 5,
2.17 except for leases entered into by the United States or its agencies or instrumentalities; or

2.18 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
2.19 (2), and prepared food, candy, and soft drinks, except for lodging, prepared food, candy,
2.20 and soft drinks purchased directly by the United States or its agencies or instrumentalities.

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

2.24 (d) As used in this subdivision, "goods or services generally provided by a private
2.25 business" include, but are not limited to, goods or services generally provided by
2.26 liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers,
2.27 campgrounds, cafes, and laundromats. "Goods or services generally provided by a
2.28 private business" do not include housing services, sewer and water services, wastewater
2.29 treatment, ambulance and other public safety services, correctional services, chore or
2.30 homemaking services provided to elderly or disabled individuals, or road and street
2.31 maintenance or lighting.