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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **158**

January 16, 2007

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The bill was read for the first time and referred to the Committee on Taxes

February 1, 2007

By motion, recalled and re-referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to sales and use taxes; exempting construction and other materials used
1.3 in livestock farming operations; amending Minnesota Statutes 2006, section
1.4 297A.69, subdivisions 2, 3, 4.

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

1.6 Section 1. Minnesota Statutes 2006, section 297A.69, subdivision 2, is amended to
1.7 read:

1.8 Subd. 2. **Materials consumed in agricultural production.** Materials stored, used,
1.9 or consumed in agricultural production of personal property intended to be sold ultimately
1.10 at retail are exempt, whether or not the item becomes an ingredient or constituent part
1.11 of the property produced. Materials that qualify for this exemption include, but are not
1.12 limited to, the following:

1.13 (1) feeds, seeds, trees, fertilizers, and herbicides, including when purchased for use
1.14 by farmers in a federal or state farm or conservation program;

1.15 (2) materials sold to a veterinarian to be used or consumed in the care, medication,
1.16 and treatment of agricultural production animals and horses;

1.17 (3) chemicals, including chemicals used for cleaning food processing machinery
1.18 and equipment;

1.19 (4) materials, including chemicals, fuels, and electricity purchased by persons
1.20 engaged in agricultural production to treat waste generated as a result of the production
1.21 process;

1.22 (5) fuels, electricity, gas, and steam used or consumed in the production process,
1.23 except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt

2.1 if (i) it is in excess of the average climate control or lighting for the production area, and
 2.2 (ii) it is necessary to produce that particular product;

2.3 (6) petroleum products and lubricants;

2.4 (7) packaging materials, including returnable containers used in packaging food and
 2.5 beverage products; ~~and~~

2.6 (8) accessory tools and equipment that are separate detachable units with an ordinary
 2.7 useful life of less than 12 months used in producing a direct effect upon the product;

2.8 (9) interior crates, partitions, and grain bins for livestock as defined in section
 2.9 17A.03, subdivision 5; and

2.10 (10) building materials used in construction of buildings and interior and exterior
 2.11 housing and containment facilities for livestock, as defined in section 17A.03, subdivision
 2.12 5.

2.13 Machinery, equipment, implements, tools, accessories, appliances, contrivances, and
 2.14 furniture and fixtures, except those listed in this clause are not included within this
 2.15 exemption.

2.16 **EFFECTIVE DATE.** This section is effective beginning with sales and purchases
 2.17 made after June 30, 2007.

2.18 Sec. 2. Minnesota Statutes 2006, section 297A.69, subdivision 3, is amended to read:

2.19 Subd. 3. **Repair and replacement parts.** Repair and replacement parts, ~~except tires,~~
 2.20 used for maintenance or repair of farm machinery, logging equipment, and aquaculture
 2.21 production equipment are exempt, if the part replaces a machinery part assigned a specific
 2.22 or generic part number by the manufacturer of the machinery.

2.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 2.24 June 30, 2007.

2.25 Sec. 3. Minnesota Statutes 2006, section 297A.69, subdivision 4, is amended to read:

2.26 Subd. 4. **Machinery, equipment, and fencing.** The following machinery,
 2.27 equipment, and fencing is exempt:

2.28 (1) farm machinery;

2.29 (2) logging equipment, including chain saws used for commercial logging;

2.30 (3) fencing used for the containment of ~~farmed cervidae, as defined in section~~
 2.31 ~~35.153, subdivision 3~~ livestock as defined in section 17A.03, subdivision 5;

2.32 (4) primary and backup generator units used to generate electricity for the purpose of
 2.33 operating farm machinery, aquacultural production equipment, or logging equipment, or

- 3.1 providing light or space heating necessary for the production of livestock, dairy animals,
3.2 dairy products, or poultry and poultry products; and
3.3 (5) aquaculture production equipment.

- 3.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
3.5 June 30, 2007.