

A bill for an act

relating to sales tax; eliminating the sales tax on local government purchases;
amending Minnesota Statutes 2006, section 297A.70, subdivisions 2, 3.

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

Section 1. Minnesota Statutes 2006, 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, 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;~~ all political subdivisions of the state;

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

~~(5)~~ (4) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

~~(6)~~ (5) sales to public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state

S.F. No. 1206, as introduced - 85th Legislative Session (2007-2008)

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

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

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

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

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

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

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

2.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
2.20 June 30, 2009.

2.21 Sec. 2. Minnesota Statutes 2006, section 297A.70, subdivision 3, is amended to read:

2.22 Subd. 3. **Sales of certain goods and services to government.** (a) The following
2.23 sales to or use by the specified governments and political subdivisions of the state are
2.24 exempt:

2.25 ~~(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and
2.26 fire apparatus to a political subdivision;~~

2.27 ~~(2) machinery and equipment, except for motor vehicles, used directly for mixed
2.28 municipal solid waste management services at a solid waste disposal facility as defined in
2.29 section 115A.03, subdivision 10;~~

2.30 ~~(3) chore and homemaking services to a political subdivision of the state to be
2.31 provided to elderly or disabled individuals;~~

2.32 ~~(4) (1) telephone services to the Department of Administration that are used to
2.33 provide telecommunications services through the intertechnologies revolving fund;~~

2.34 ~~(5) (2) firefighter personal protective equipment as defined in paragraph (b), if
2.35 purchased or authorized by and for the use of an organized fire department, fire protection~~

S.F. No. 1206, as introduced - 85th Legislative Session (2007-2008)

3.1 district, or fire company regularly charged with the responsibility of providing fire
3.2 protection to the state or a political subdivision;

3.3 ~~(6)~~ (3) bullet-resistant body armor that provides the wearer with ballistic and trauma
3.4 protection, if purchased by a law enforcement agency of the state ~~or a political subdivision~~
3.5 ~~of the state~~, or a licensed peace officer, as defined in section 626.84, subdivision 1; and

3.6 ~~(7)~~ (7) motor vehicles purchased or leased by political subdivisions of the state if the
3.7 vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b);
3.8 exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax
3.9 under section 297B.03, clause (12);

3.10 ~~(8)~~ (8) equipment designed to process, dewater, and recycle biosolids for wastewater
3.11 treatment facilities of political subdivisions, and materials incidental to installation of
3.12 that equipment;

3.13 ~~(9)~~ (9) sales to a town of gravel and of machinery, equipment, and accessories, except
3.14 motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of
3.15 motor vehicles exempt from tax under section 297B.03, clause (10); and

3.16 ~~(10)~~ (4) the removal of trees, bushes, or shrubs for the construction and maintenance
3.17 of roads, trails, or firebreaks when purchased by an agency of the state ~~or a political~~
3.18 ~~subdivision of the state~~.

3.19 (b) For purposes of this subdivision, "firefighters personal protective equipment"
3.20 means helmets, including face shields, chin straps, and neck liners; bunker coats and
3.21 pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets;
3.22 protective coveralls; goggles; self-contained breathing apparatus; canister filter masks;
3.23 personal alert safety systems; spanner belts; optical or thermal imaging search devices;
3.24 and all safety equipment required by the Occupational Safety and Health Administration.

3.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
3.26 June 30, 2009.