

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3999

(SENATE AUTHORS: GOGGIN)

DATE	D-PG	OFFICIAL STATUS
04/19/2018	7736	Introduction and first reading Referred to Taxes See HF4385, Art. 3, Sec. 8-9; Art. 6, Sec. 15

1.1 A bill for an act

1.2 relating to taxation; providing a sales tax exemption for certain construction

1.3 materials; appropriating money; amending Minnesota Statutes 2016, section

1.4 297A.71, by adding a subdivision; Minnesota Statutes 2017 Supplement, section

1.5 297A.75, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision

1.8 to read:

1.9 Subd. 51. **Properties destroyed by fire.** Building materials and supplies used in, and

1.10 equipment incorporated into, the construction or replacement of real property affected by,

1.11 and capital equipment to replace equipment destroyed in, the fire on March 11, 2018, in the

1.12 city of Mazeppa are exempt. The tax must be imposed and collected as if the rate under

1.13 section 297A.62, subdivision 1, applied and then refunded in the manner provided in section

1.14 297A.75. For purposes of this subdivision, "capital equipment" includes durable equipment

1.15 used in a restaurant for food storage, preparation, and serving.

1.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases

1.17 made after March 11, 2018, and before January 1, 2021.

1.18 Sec. 2. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended

1.19 to read:

1.20 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following

1.21 exempt items must be imposed and collected as if the sale were taxable and the rate under

1.22 section 297A.62, subdivision 1, applied. The exempt items include:

- 2.1 (1) building materials for an agricultural processing facility exempt under section
2.2 297A.71, subdivision 13;
- 2.3 (2) building materials for mineral production facilities exempt under section 297A.71,
2.4 subdivision 14;
- 2.5 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 2.6 (4) building materials used in a residence for disabled veterans exempt under section
2.7 297A.71, subdivision 11;
- 2.8 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 2.9 (6) materials and supplies for qualified low-income housing under section 297A.71,
2.10 subdivision 23;
- 2.11 (7) materials, supplies, and equipment for municipal electric utility facilities under
2.12 section 297A.71, subdivision 35;
- 2.13 (8) equipment and materials used for the generation, transmission, and distribution of
2.14 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
2.15 37;
- 2.16 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
2.17 (a), clause (10);
- 2.18 (10) materials, supplies, and equipment for construction or improvement of projects and
2.19 facilities under section 297A.71, subdivision 40;
- 2.20 (11) materials, supplies, and equipment for construction, improvement, or expansion
2.21 of:
- 2.22 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
2.23 section 297A.71, subdivision 42;
- 2.24 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
2.25 45;
- 2.26 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
2.27 297A.71, subdivision 46; and
- 2.28 (iv) an industrial measurement manufacturing and controls facility exempt under
2.29 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 2.30 (12) enterprise information technology equipment and computer software for use in a
2.31 qualified data center exempt under section 297A.68, subdivision 42;

3.1 (13) materials, supplies, and equipment for qualifying capital projects under section
3.2 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

3.3 (14) items purchased for use in providing critical access dental services exempt under
3.4 section 297A.70, subdivision 7, paragraph (c);

3.5 (15) items and services purchased under a business subsidy agreement for use or
3.6 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
3.7 44;

3.8 (16) building materials, equipment, and supplies for constructing or replacing real
3.9 property exempt under section 297A.71, ~~subdivision~~ subdivisions 49 and 51; and

3.10 (17) building materials, equipment, and supplies for constructing or replacing real
3.11 property exempt under section 297A.71, subdivision 50, paragraph (b).

3.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
3.13 made after March 11, 2018.

3.14 Sec. 3. **CITY OF MAZEPPA; SPECIAL TIF RULE AUTHORIZATION.**

3.15 If the city of Mazeppa elects, upon the adoption of a tax increment financing plan, to
3.16 redevelop an area of the city that was damaged by a fire on March 11, 2018, the rule under
3.17 this section applies to one or more tax increment financing districts established by the
3.18 authority. Notwithstanding Minnesota Statutes, section 469.174, subdivision 7, or any other
3.19 law to the contrary, upon request of the city, the assessor shall determine the reduction in
3.20 market value of properties in the district that is attributable to the fire. The county auditor
3.21 shall use the reduced market value in certifying the original net tax capacity of the district.
3.22 The authority to approve a tax increment financing plan and to establish a tax increment
3.23 financing district under this section expires July 1, 2020.

3.24 **EFFECTIVE DATE.** This section is effective July 1, 2018, without local approval
3.25 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

3.26 Sec. 4. **APPROPRIATION.**

3.27 \$..... in fiscal year 2019 only is appropriated from the general fund to the commissioner
3.28 of revenue for a grant of \$..... to the city of Mazeppa and a grant of \$..... to Wabasha
3.29 County. The grants, which shall be paid by July 20, 2018, may be used for property tax
3.30 abatements and other costs incurred by public and private entities as a result of a fire in the
3.31 city of Mazeppa on March 11, 2018. This is a onetime appropriation.

4.1 **EFFECTIVE DATE.** This section is effective July 1, 2018.