

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1892

02/25/2014 Authored by McNamar

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 motor vehicle sales tax; exempting certain purchases by cities and  
1.3 counties; amending Minnesota Statutes 2012, section 297B.03.

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

1.5 Section 1. Minnesota Statutes 2012, section 297B.03, is amended to read:

1.6 **297B.03 EXEMPTIONS.**

1.7 There is specifically exempted from the provisions of this chapter and from  
1.8 computation of the amount of tax imposed by it the following:

1.9 (1) purchase or use, including use under a lease purchase agreement or installment  
1.10 sales contract made pursuant to section 465.71, of any motor vehicle by the United States  
1.11 and its agencies and instrumentalities and by any person described in and subject to the  
1.12 conditions provided in section 297A.67, subdivision 11;

1.13 (2) purchase or use of any motor vehicle by any person who was a resident of  
1.14 another state or country at the time of the purchase and who subsequently becomes a  
1.15 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date  
1.16 such person began residing in the state of Minnesota and the motor vehicle was registered  
1.17 in the person's name in the other state or country;

1.18 (3) purchase or use of any motor vehicle by any person making a valid election to be  
1.19 taxed under the provisions of section 297A.90;

1.20 (4) purchase or use of any motor vehicle previously registered in the state of  
1.21 Minnesota when such transfer constitutes a transfer within the meaning of section 118,  
1.22 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal  
1.23 Revenue Code;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle ~~by a town~~ for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks by any of the following:

(i) a town;

(ii) a county;

(iii) a statutory or home rule charter city; or

(iv) an instrumentality of any of the local governments listed in items (i) to (iii);

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after December 31, 2013. Refunds for any taxes paid between December 31, 2013, and July 1, 2014, on motor vehicles exempt under clause (10) shall be made as provided under section 2.

**Sec. 2. REFUND FOR TAX PAID ON CERTAIN ROAD MAINTENANCE VEHICLES.**

**Subdivision 1. Refund to purchaser.** If a town, county, statutory or home rule charter city, or any of their instrumentalities paid sales tax on a road maintenance vehicle exempted under Minnesota Statutes, section 297B.03, clause (10), and purchased after December 31, 2013, but before July 1, 2014, the purchaser may apply directly to the commissioner of revenue for a refund. The application for refund must be on forms prescribed by the commissioner of revenue and must include sufficient information to allow verification of the tax paid. All applications for refund must be filed by December 31, 2014.

**Subd. 2. Interest paid.** Interest must be paid on the refund at the rate specified in Minnesota Statutes, section 270C.405, beginning 90 days after the refund application is filed with the commissioner of revenue.

**Subd. 3. Appropriation; allocation.** Payment of a refund pursuant to this section must be made out of the general and highway user funds and accounts in the same proportion provided for deposit of proceeds from the sales tax on motor vehicles under Minnesota Statutes, section 297B.09, subdivision 1, paragraph (f).

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.