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# State of Minnesota

## HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

# H. F. No. 1992

03/08/2021 Authored by Nelson, M., and Winkler

The bill was read for the first time and referred to the Committee on Labor, Industry, Veterans and Military Affairs Finance and Policy

1.1 A bill for an act  
1.2 relating to employment; modifying prevailing wage requirements; amending  
1.3 Minnesota Statutes 2020, sections 116J.871, subdivision 3, by adding a subdivision;  
1.4 297A.70, by adding a subdivision; 297A.71, subdivision 52; 297A.75, subdivision  
1.5 1.

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

1.7 Section 1. Minnesota Statutes 2020, section 116J.871, is amended by adding a subdivision  
1.8 to read:

1.9 Subd. 2a. Sales tax exemption; prevailing wage required. A local government may  
1.10 not receive a sales tax exemption under section 297A.70 or 297A.71, subdivision 52, or  
1.11 any special law exempting materials, supplies, and equipment used or incorporated into the  
1.12 construction, reconstruction, upgrade, or renovation of a facility owned by a local government  
1.13 unless the local government certifies to the commissioner of labor and industry that laborers  
1.14 and mechanics at the project site during construction, installation, remodeling, and repairs  
1.15 were paid or will be paid the prevailing wage rate as defined in section 177.42, subdivision  
1.16 6.

1.17 Sec. 2. Minnesota Statutes 2020, section 116J.871, subdivision 3, is amended to read:

1.18 Subd. 3. **Prevailing wage; penalty.** It is a misdemeanor for a person who has certified  
1.19 that prevailing wages will be paid to laborers and mechanics under subdivision 2 or  
1.20 subdivision 2a to subsequently fail to pay the prevailing wage. Each day a violation of this  
1.21 subdivision continues is a separate offense.

2.1 Sec. 3. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 3a. **Local government projects.** To qualify for an exemption for materials and  
2.4 supplies purchased for a building, construction, or reconstruction project of a local  
2.5 government owned facility, the local government must meet the requirements of section  
2.6 116J.871, subdivision 2a, and certify compliance to the legislative committees with  
2.7 jurisdiction over taxes.

2.8 Sec. 4. Minnesota Statutes 2020, section 297A.71, subdivision 52, is amended to read:

2.9 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
2.10 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
2.11 or remodeling of the following local government owned facilities are exempt:

2.12 (1) a new fire station, which includes firefighting, emergency management, public safety  
2.13 training, and other public safety facilities in the city of Monticello if materials, supplies,  
2.14 and equipment are purchased after January 31, 2019, and before January 1, 2022;

2.15 (2) a new fire station, which includes firefighting and public safety training facilities  
2.16 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
2.17 equipment are purchased after June 30, 2018, and before January 1, 2021;

2.18 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
2.19 utility components, on or adjacent to the property on which the fire station or police station  
2.20 are located that are necessary for safe access to and use of those buildings, in the city of  
2.21 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
2.22 before January 1, 2021;

2.23 (4) the school building in Independent School District No. 414, Minneota, if materials,  
2.24 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

2.25 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
2.26 are purchased after December 31, 2018, and before January 1, 2021; and

2.27 (6) a Dakota County law enforcement collaboration center, also known as the Safety  
2.28 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
2.29 and equipment are purchased after June 30, 2019, and before July 1, 2021.

2.30 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
2.31 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

3.1 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
3.2 \$850,000.

3.3 (d) To qualify for an exemption under this subdivision, a local government must meet  
3.4 the requirements of section 116J.871, subdivision 2a, and certify compliance to the legislative  
3.5 committees with jurisdiction over taxes.

3.6 Sec. 5. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

3.7 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
3.8 exempt items must be imposed and collected as if the sale were taxable and the rate under  
3.9 section 297A.62, subdivision 1, applied. The exempt items include:

3.10 (1) building materials for an agricultural processing facility exempt under section  
3.11 297A.71, subdivision 13;

3.12 (2) building materials for mineral production facilities exempt under section 297A.71,  
3.13 subdivision 14;

3.14 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

3.15 (4) building materials used in a residence for veterans with a disability exempt under  
3.16 section 297A.71, subdivision 11;

3.17 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

3.18 (6) materials and supplies for qualified low-income housing under section 297A.71,  
3.19 subdivision 23;

3.20 (7) materials, supplies, and equipment for municipal electric utility facilities under  
3.21 section 297A.71, subdivision 35;

3.22 (8) equipment and materials used for the generation, transmission, and distribution of  
3.23 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
3.24 37;

3.25 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
3.26 (a), clause (10);

3.27 (10) materials, supplies, and equipment for construction or improvement of projects and  
3.28 facilities under section 297A.71, subdivision 40;

3.29 (11) materials, supplies, and equipment for construction, improvement, or expansion of  
3.30 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

4.1 (12) enterprise information technology equipment and computer software for use in a  
4.2 qualified data center exempt under section 297A.68, subdivision 42;

4.3 (13) materials, supplies, and equipment for qualifying capital projects under section  
4.4 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

4.7 (15) items and services purchased under a business subsidy agreement for use or  
4.8 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
4.9 44;

4.10 (16) building materials, equipment, and supplies for constructing or replacing real  
4.11 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; and

4.12 (17) building materials, equipment, and supplies for qualifying capital projects under  
4.13 section 297A.71, subdivision 52, that meet the requirements of section 116J.871, subdivision  
4.14 2a.