

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3753

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DATE	D-PG	OFFICIAL STATUS
02/23/2026	6363	Introduction and first reading Referred to Taxes
03/09/2026	6579	Author added Miller
03/25/2026	6993	Author added Hemmingsen-Jaeger
04/07/2026	7917	Author added Nelson

1.1 A bill for an act

1.2 relating to taxation; sales and use; modifying the nonprofit exemption to provide

1.3 that certain purchases of prepared food by nonprofit organizations are exempt;

1.4 amending Minnesota Statutes 2024, section 297A.70, subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2024, section 297A.70, subdivision 4, is amended to read:

1.7 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),

1.8 to the following "nonprofit organizations" are exempt:

1.9 (1) a corporation, society, association, foundation, or institution organized and operated

1.10 exclusively for charitable, religious, or educational purposes if the item purchased is used

1.11 in the performance of charitable, religious, or educational functions;

1.12 (2) any senior citizen group or association of groups that:

1.13 (i) in general limits membership to persons who are either age 55 or older, or persons

1.14 with a physical disability;

1.15 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit

1.16 purposes, not including housing, no part of the net earnings of which inures to the benefit

1.17 of any private shareholders; and

1.18 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

1.19 (3) an organization that qualifies for an exemption for memberships under subdivision

1.20 12 if the item is purchased and used in the performance of the organization's mission.

2.1 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
2.2 owned by a religious organization.

2.3 (b) This exemption does not apply to the following sales:

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

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

2.11 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
2.12 prepared food, candy, soft drinks, taxable cannabis products as defined under section 295.81,
2.13 subdivision 1, paragraph (r), and alcoholic beverages as defined in section 297A.67,
2.14 subdivision 2, except wine purchased by an established religious organization for sacramental
2.15 purposes or as allowed under subdivision 9a; and

2.16 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
2.17 provided in paragraph (c).

2.18 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
2.19 subdivision 11, only if the vehicle is:

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

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

2.26 (d) A limited liability company also qualifies for exemption under this subdivision if
2.27 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
2.28 purchased qualify for the exemption.

2.29 (e) Notwithstanding paragraph (b), clause (3), a sale of prepared food is exempt if
2.30 purchased by an organization exempt under paragraph (a), clause (1), and the prepared food
2.31 is distributed by the organization in the performance of the organization's exempt purpose.

- 3.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
- 3.2 30, 2026.