

State of Minnesota

H. F. No. 129

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 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
2.13 subdivision 2, except wine purchased by an established religious organization for sacramental  
2.14 purposes or as allowed under subdivision 9a; and

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

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

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

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

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

2.28 (e) A nonprofit health care clinic also qualifies for exemption under this subdivision if:

2.29 (1) the nonprofit health care clinic otherwise meets the requirements of paragraph (a),  
2.30 clause (1), and applicable Minnesota Rules, except that it may charge fees for services to a  
2.31 health insurance plan or charge fees based on the recipient's ability to pay; and

3.1 (2) the items purchased qualify for the exemption if the items purchased are used in  
3.2 providing health care services.

3.3 For the purposes of this paragraph, "health care services" means services provided by a  
3.4 health care provider who is regulated or required to be regulated by the state of Minnesota  
3.5 to care for the distressed, sick, infirm, disabled, or aged. The exemptions under this paragraph  
3.6 do not apply to: (i) hospitals, outpatient surgical centers, and critical access dental providers  
3.7 under subdivision 7, paragraphs (a) to (c), (e), and (f); (ii) products and services under  
3.8 subdivision 7, paragraph (d); or (iii) nursing homes and boarding care homes under  
3.9 subdivision 18.

3.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
3.11 30, 2023.