

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 604**

(SENATE AUTHORS: UTKE)

DATE  
01/28/2019

D-PG  
191 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; sales and use; providing an exemption for a certain nonprofit  
1.3 arena board and construction of a certain community arena; amending Minnesota  
1.4 Statutes 2018, sections 297A.70, by adding a subdivision; 297A.71, by adding a  
1.5 subdivision; 297A.75, subdivisions 1, 2, 3.

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

1.7 Section 1. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
1.8 to read:

1.9 Subd. 21. Nonprofit arena board. Sales to an organization that exists primarily for the  
1.10 purpose of owning or operating facilities that are part of the Lake of the Woods International  
1.11 Arena are exempt if the organization is a private, nonprofit corporation exempt from federal  
1.12 income taxation under section 501(c)(3) of the Internal Revenue Code.

1.13 EFFECTIVE DATE. This section is effective for sales and purchases made after June  
1.14 30, 2019.

1.15 Sec. 2. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to  
1.16 read:

1.17 Subd. 51. Community arena construction. (a) Materials and supplies used or consumed  
1.18 in, and equipment incorporated into, the construction or improvement of the Lake of the  
1.19 Woods Community Arena are exempt. The tax on purchases exempt under this subdivision  
1.20 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied  
1.21 and then refunded in the manner provided in section 297A.75.

2.1 (b) The exemption under this subdivision is effective for purchases made after March  
2.2 30, 2018, and before April 1, 2020.

2.3 **EFFECTIVE DATE.** This section is effective retroactively from March 30, 2018.

2.4 Sec. 3. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

2.8 (1) building materials for an agricultural processing facility exempt under section  
2.9 297A.71, subdivision 13;

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

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

2.13 (4) building materials used in a residence for disabled veterans exempt under section  
2.14 297A.71, subdivision 11;

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

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

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

2.20 (8) equipment and materials used for the generation, transmission, and distribution of  
2.21 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
2.22 37;

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

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

2.27 (11) materials, supplies, and equipment for construction, improvement, or expansion  
2.28 of:

2.29 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
2.30 section 297A.71, subdivision 42;

3.1 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
3.2 45;

3.3 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
3.4 297A.71, subdivision 46; and

3.5 (iv) an industrial measurement manufacturing and controls facility exempt under  
3.6 Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

3.9 (13) materials, supplies, and equipment for qualifying capital projects under section  
3.10 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

3.13 (15) items and services purchased under a business subsidy agreement for use or  
3.14 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
3.15 44; and

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

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

3.21 **EFFECTIVE DATE.** This section is effective retroactively from March 30, 2018.

3.22 Sec. 4. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

3.23 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
3.24 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must  
3.25 be paid to the applicant. Only the following persons may apply for the refund:

3.26 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

3.27 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

3.28 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
3.29 provided in United States Code, title 38, chapter 21;

3.30 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
3.31 property;

4.1 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

4.2 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
4.3 joint venture of municipal electric utilities;

4.4 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
4.5 business;

4.6 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental  
4.7 entity that owns or contracts for the project or facility; and

4.8 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
4.9 building or project; and

4.10 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~  
4.11 ~~building or project.~~

4.12 **EFFECTIVE DATE.** This section is effective retroactively from March 30, 2018.

4.13 Sec. 5. Minnesota Statutes 2018, section 297A.75, subdivision 3, is amended to read:

4.14 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
4.15 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
4.16 or builder, under subdivision 1, clauses (3) to (13) ~~or~~ (15) ~~to~~ (17), or (16), the contractor,  
4.17 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
4.18 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
4.19 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
4.20 this section.

4.21 (b) An applicant may not file more than two applications per calendar year for refunds  
4.22 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

4.23 **EFFECTIVE DATE.** This section is effective retroactively from March 30, 2018.