

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 11**

(SENATE AUTHORS: REST and Eaton)

DATE	D-PG	OFFICIAL STATUS
01/10/2013	49	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; repealing the sales tax exemption for clothing; adjusting the sales tax rate; creating an income tax credit; amending Minnesota Statutes 2012, section 297A.62, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 290; repealing Minnesota Statutes 2012, section 297A.67, subdivision 8.

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

**Section 1. [290.0683] CLOTHING SALES TAX CREDIT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Income" has the meaning given in section 290.067, subdivision 2a.

(c) "Dependent" has the meaning given in section 152 of the Internal Revenue Code.

Subd. 2. **Credit allowed.** A taxpayer is allowed a refundable credit against the tax imposed under this chapter. The credit is equal to \$..... for a married couple filing a joint return, and \$..... for all filers, plus \$..... for the first dependent claimed on the return, \$..... for each of the second and third dependents claimed on the return, \$..... for the fourth dependent claimed on the return, and \$..... for each subsequent dependent.

Subd. 3. **Limitations.** The credit allowed in this section is reduced by \$..... for every \$..... of income in excess of ..... percent of the federal poverty guidelines.

Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2012.

Sec. 2. Minnesota Statutes 2012, section 297A.62, subdivision 1, is amended to read:

2.1           Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this  
 2.2 chapter, a sales tax of ~~6.5~~          percent is imposed on the gross receipts from retail sales as  
 2.3 defined in section 297A.61, subdivision 4, made in this state or to a destination in this  
 2.4 state by a person who is required to have or voluntarily obtains a permit under section  
 2.5 297A.83, subdivision 1.

2.6           **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 2.7 December 31, 2012.

2.8           Sec. 3. **REPEALER.**

2.9           Minnesota Statutes 2012, section 297A.67, subdivision 8, is repealed.

2.10          **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 2.11 December 31, 2012.

**297A.67 GENERAL EXEMPTIONS.**

Subd. 8. **Clothing.** (a) Clothing is exempt. For purposes of this subdivision, "clothing" means all human wearing apparel suitable for general use.

(b) Clothing includes, but is not limited to, aprons, household and shop; athletic supporters; baby receiving blankets; bathing suits and caps; beach capes and coats; belts and suspenders; boots; coats and jackets; costumes; children and adult diapers, including disposable; ear muffs; footlets; formal wear; garters and garter belts; girdles; gloves and mittens for general use; hats and caps; hosiery; insoles for shoes; lab coats; neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoe laces; slippers; sneakers; socks and stockings; steel-toed boots; underwear; uniforms, athletic and nonathletic; and wedding apparel.

(c) Clothing does not include the following:

- (1) belt buckles sold separately;
- (2) costume masks sold separately;
- (3) patches and emblems sold separately;
- (4) sewing equipment and supplies, including but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles;
- (5) sewing materials that become part of clothing, including but not limited to, buttons, fabric, lace, thread, yarn, and zippers;
- (6) clothing accessories or equipment;
- (7) sports or recreational equipment;
- (8) protective equipment; and
- (9) fur clothing as defined in section 297A.61, subdivision 46.

For purposes of this subdivision, "clothing accessories or equipment" means incidental items worn on the person or in conjunction with clothing. Clothing accessories and equipment include, but are not limited to, briefcases; cosmetics; hair notions, including barrettes, hair bows, and hairnets; handbags; handkerchiefs; jewelry; nonprescription sunglasses; umbrellas; wallets; watches; and wigs and hairpieces. "Sports or recreational equipment" means items designed for human use and worn in conjunction with an athletic or recreational activity that are not suitable for general use. Sports and recreational equipment includes, but is not limited to, ballet and tap shoes; cleated or spiked athletic shoes; gloves, including, but not limited to, baseball, bowling, boxing, hockey, and golf gloves; goggles; hand and elbow guards; life preservers and vests; mouth guards; roller and ice skates; shin guards; shoulder pads; ski boots; waders; and wetsuits and fins. "Protective equipment" means items for human wear and designed as protection of the wearer against injury or disease or as protection against damage or injury of other persons or property but not suitable for general use. Protective equipment includes, but is not limited to, breathing masks; clean room apparel and equipment; ear and hearing protectors; face shields; finger guards; hard hats; helmets; paint or dust respirators; protective gloves; safety glasses and goggles; safety belts; tool belts; and welders gloves and masks.