

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 2162

(SENATE AUTHORS: PAPPAS and Senjem)

DATE
03/16/2017

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1542 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
 1.2 relating to taxation; sales and use tax; providing an exemption for construction
 1.3 materials used in state building projects; amending Minnesota Statutes 2016,
 1.4 sections 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2.

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

1.6 Section 1. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision
 1.7 to read:

1.8 Subd. 49. **State-owned capital projects.** Material and supplies used in and equipment
 1.9 incorporated into the construction and improvement of state-owned buildings and
 1.10 infrastructure are exempt. The exemption applies at the time of sale for any qualifying
 1.11 materials, supplies, or equipment purchased by the state or a state agency. For qualifying
 1.12 purchases by a contractor, subcontractor, or builder, the tax must be imposed and collected
 1.13 at the time of purchase as if the rate under section 297A.62 applied and refunded in the
 1.14 manner provided under section 297A.75.

1.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 1.16 30, 2017.

1.17 Sec. 2. Minnesota Statutes 2016, section 297A.75, subdivision 1, is amended to read:

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

1.21 (1) building materials for an agricultural processing facility exempt under section
 1.22 297A.71, subdivision 13;

- 2.1 (2) building materials for mineral production facilities exempt under section 297A.71,
2.2 subdivision 14;
- 2.3 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 2.4 (4) building materials used in a residence for disabled veterans exempt under section
2.5 297A.71, subdivision 11;
- 2.6 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 2.7 (6) materials and supplies for qualified low-income housing under section 297A.71,
2.8 subdivision 23;
- 2.9 (7) materials, supplies, and equipment for municipal electric utility facilities under
2.10 section 297A.71, subdivision 35;
- 2.11 (8) equipment and materials used for the generation, transmission, and distribution of
2.12 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
2.13 37;
- 2.14 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
2.15 (a), clause (10);
- 2.16 (10) materials, supplies, and equipment for construction or improvement of projects and
2.17 facilities under section 297A.71, subdivision 40;
- 2.18 (11) materials, supplies, and equipment for construction, improvement, or expansion
2.19 of:
- 2.20 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
2.21 subdivision 42;
- 2.22 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
2.23 45;
- 2.24 (iii) a research and development facility exempt under section 297A.71, subdivision 46;
2.25 and
- 2.26 (iv) an industrial measurement manufacturing and controls facility exempt under section
2.27 297A.71, subdivision 47;
- 2.28 (12) enterprise information technology equipment and computer software for use in a
2.29 qualified data center exempt under section 297A.68, subdivision 42;
- 2.30 (13) materials, supplies, and equipment for qualifying capital projects under section
2.31 297A.71, ~~subdivision~~ subdivisions 44 and 49;

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

3.3 (15) items and services purchased under a business subsidy agreement for use or
3.4 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
3.5 44.

3.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.7 30, 2017.

3.8 Sec. 3. Minnesota Statutes 2016, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

3.23 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental
3.24 entity or state agency that owns or contracts for the project or facility.

3.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.26 30, 2017.