

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 1362**

(SENATE AUTHORS: CHAMBERLAIN)

DATE	D-PG	OFFICIAL STATUS
05/02/2011	1609	Introduction and first reading Referred to Taxes

A bill for an act

1.1 relating to taxation; repealing the job opportunity building zone program;
1.2 amending Minnesota Statutes 2010, sections 270B.14, subdivision 3; 290.01,
1.3 subdivisions 19b, 29; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922,
1.4 subdivisions 2, 3; 297B.03; repealing Minnesota Statutes 2010, sections 272.02,
1.5 subdivision 64; 272.029, subdivision 7; 289A.12, subdivision 15; 290.06,
1.6 subdivision 29; 297A.68, subdivision 37; 469.310; 469.311; 469.312; 469.313;
1.7 469.314; 469.315; 469.316; 469.317; 469.318; 469.319; 469.3191; 469.3192;
1.8 469.3193; 469.3201.

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

1.11 Section 1. Minnesota Statutes 2010, section 270B.14, subdivision 3, is amended to read:

1.12 Subd. 3. **Administration of enterprise, ~~job opportunity,~~ and biotechnology**
1.13 **and health sciences industry zone programs.** The commissioner may disclose return
1.14 information relating to the taxes imposed by chapters 290 and 297A to the Department
1.15 of Employment and Economic Development or a municipality receiving an enterprise
1.16 zone designation under section 469.169 but only as necessary to administer the funding
1.17 limitations under section 469.169, subdivision 7, or to the Department of Employment
1.18 and Economic Development and appropriate officials from the local government units in
1.19 which a qualified business is located but only as necessary to enforce ~~the job opportunity~~
1.20 ~~building zone benefits under section 469.315,~~ or biotechnology and health sciences
1.21 industry zone benefits under section 469.336.

1.22 **EFFECTIVE DATE.** This section is effective for tax benefits provided after
1.23 December 31, 2011.

1.24 Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19b, is amended to read:

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2.1 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
2.2 and trusts, there shall be subtracted from federal taxable income:

2.3 (1) net interest income on obligations of any authority, commission, or
2.4 instrumentality of the United States to the extent includable in taxable income for federal
2.5 income tax purposes but exempt from state income tax under the laws of the United States;

2.6 (2) if included in federal taxable income, the amount of any overpayment of income
2.7 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
2.8 is received as a refund or as a credit to another taxable year's income tax liability;

2.9 (3) the amount paid to others, less the amount used to claim the credit allowed under
2.10 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
2.11 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
2.12 transportation of each qualifying child in attending an elementary or secondary school
2.13 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
2.14 resident of this state may legally fulfill the state's compulsory attendance laws, which
2.15 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
2.16 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
2.17 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
2.18 "textbooks" includes books and other instructional materials and equipment purchased
2.19 or leased for use in elementary and secondary schools in teaching only those subjects
2.20 legally and commonly taught in public elementary and secondary schools in this state.
2.21 Equipment expenses qualifying for deduction includes expenses as defined and limited in
2.22 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
2.23 books and materials used in the teaching of religious tenets, doctrines, or worship, the
2.24 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
2.25 or materials for, or transportation to, extracurricular activities including sporting events,
2.26 musical or dramatic events, speech activities, driver's education, or similar programs. No
2.27 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
2.28 the qualifying child's vehicle to provide such transportation for a qualifying child. For
2.29 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
2.30 given in section 32(c)(3) of the Internal Revenue Code;

2.31 (4) income as provided under section 290.0802;

2.32 (5) to the extent included in federal adjusted gross income, income realized on
2.33 disposition of property exempt from tax under section 290.491;

2.34 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
2.35 of the Internal Revenue Code in determining federal taxable income by an individual
2.36 who does not itemize deductions for federal income tax purposes for the taxable year, an

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3.1 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
3.2 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
3.3 under the provisions of Public Law 109-1 and Public Law 111-126;

3.4 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
3.5 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
3.6 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
3.7 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
3.8 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
3.9 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
3.10 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
3.11 the extent they exceed the federal foreign tax credit;

3.12 (8) in each of the five tax years immediately following the tax year in which an
3.13 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
3.14 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
3.15 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
3.16 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
3.17 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
3.18 positive value of any net operating loss under section 172 of the Internal Revenue Code
3.19 generated for the tax year of the addition. The resulting delayed depreciation cannot be
3.20 less than zero;

3.21 ~~(9) job opportunity building zone income as provided under section 469.316;~~

3.22 ~~(10)~~ to the extent included in federal taxable income, the amount of compensation
3.23 paid to members of the Minnesota National Guard or other reserve components of the
3.24 United States military for active service performed in Minnesota, excluding compensation
3.25 for services performed under the Active Guard Reserve (AGR) program. For purposes of
3.26 this clause, "active service" means (i) state active service as defined in section 190.05,
3.27 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section
3.28 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,
3.29 subdivision 5c, but "active service" excludes service performed in accordance with section
3.30 190.08, subdivision 3;

3.31 ~~(11)~~ (10) to the extent included in federal taxable income, the amount of
3.32 compensation paid to Minnesota residents who are members of the armed forces of the
3.33 United States or United Nations for active duty performed outside Minnesota under United
3.34 States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the
3.35 authority of the United Nations;

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4.1 ~~(12)~~ (11) an amount, not to exceed \$10,000, equal to qualified expenses related to a
4.2 qualified donor's donation, while living, of one or more of the qualified donor's organs
4.3 to another person for human organ transplantation. For purposes of this clause, "organ"
4.4 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
4.5 "human organ transplantation" means the medical procedure by which transfer of a human
4.6 organ is made from the body of one person to the body of another person; "qualified
4.7 expenses" means unreimbursed expenses for both the individual and the qualified donor
4.8 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
4.9 may be subtracted under this clause only once; and "qualified donor" means the individual
4.10 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
4.11 individual may claim the subtraction in this clause for each instance of organ donation for
4.12 transplantation during the taxable year in which the qualified expenses occur;

4.13 ~~(13)~~ (12) in each of the five tax years immediately following the tax year in which an
4.14 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
4.15 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
4.16 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
4.17 case of a shareholder of a corporation that is an S corporation, minus the positive value of
4.18 any net operating loss under section 172 of the Internal Revenue Code generated for the
4.19 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
4.20 subtraction is not allowed under this clause;

4.21 ~~(14)~~ (13) to the extent included in federal taxable income, compensation paid to a
4.22 service member as defined in United States Code, title 10, section 101(a)(5), for military
4.23 service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section
4.24 101(2);

4.25 ~~(15)~~ (14) international economic development zone income as provided under
4.26 section 469.325;

4.27 ~~(16)~~ (15) to the extent included in federal taxable income, the amount of national
4.28 service educational awards received from the National Service Trust under United States
4.29 Code, title 42, sections 12601 to 12604, for service in an approved Americorps National
4.30 Service program; and

4.31 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness
4.32 income resulting from reacquisition of business indebtedness included in federal taxable
4.33 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
4.34 to the extent that the income was included in net income in a prior year as a result of the
4.35 addition under section 290.01, subdivision 19a, clause (16).

5.1 EFFECTIVE DATE. This section is effective for taxable years beginning after
5.2 December 31, 2011.

5.3 Sec. 3. Minnesota Statutes 2010, section 290.01, subdivision 29, is amended to read:

5.4 Subd. 29. **Taxable income.** The term "taxable income" means:

5.5 (1) for individuals, estates, and trusts, the same as taxable net income;

5.6 (2) for corporations, the taxable net income less

5.7 (i) the net operating loss deduction under section 290.095;

5.8 (ii) the dividends received deduction under section 290.21, subdivision 4;

5.9 ~~(iii) the exemption for operating in a job opportunity building zone under section~~
5.10 ~~469.317;~~

5.11 ~~(iv)~~ the exemption for operating in a biotechnology and health sciences industry
5.12 zone under section 469.337; and

5.13 ~~(v)~~ (iv) the exemption for operating in an international economic development
5.14 zone under section 469.326.

5.15 EFFECTIVE DATE. This section is effective for taxable years beginning after
5.16 December 31, 2011.

5.17 Sec. 4. Minnesota Statutes 2010, section 290.091, subdivision 2, is amended to read:

5.18 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
5.19 terms have the meanings given:

5.20 (a) "Alternative minimum taxable income" means the sum of the following for
5.21 the taxable year:

5.22 (1) the taxpayer's federal alternative minimum taxable income as defined in section
5.23 55(b)(2) of the Internal Revenue Code;

5.24 (2) the taxpayer's itemized deductions allowed in computing federal alternative
5.25 minimum taxable income, but excluding:

5.26 (i) the charitable contribution deduction under section 170 of the Internal Revenue
5.27 Code;

5.28 (ii) the medical expense deduction;

5.29 (iii) the casualty, theft, and disaster loss deduction; and

5.30 (iv) the impairment-related work expenses of a disabled person;

5.31 (3) for depletion allowances computed under section 613A(c) of the Internal
5.32 Revenue Code, with respect to each property (as defined in section 614 of the Internal
5.33 Revenue Code), to the extent not included in federal alternative minimum taxable income,
5.34 the excess of the deduction for depletion allowable under section 611 of the Internal

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6.1 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
6.2 taxable year (determined without regard to the depletion deduction for the taxable year);

6.3 (4) to the extent not included in federal alternative minimum taxable income, the
6.4 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the
6.5 Internal Revenue Code determined without regard to subparagraph (E);

6.6 (5) to the extent not included in federal alternative minimum taxable income, the
6.7 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

6.8 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
6.9 to (9), (12), (13), (16), and (17);

6.10 less the sum of the amounts determined under the following:

6.11 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

6.12 (2) an overpayment of state income tax as provided by section 290.01, subdivision
6.13 19b, clause (2), to the extent included in federal alternative minimum taxable income;

6.14 (3) the amount of investment interest paid or accrued within the taxable year on
6.15 indebtedness to the extent that the amount does not exceed net investment income, as
6.16 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
6.17 amounts deducted in computing federal adjusted gross income; and

6.18 (4) amounts subtracted from federal taxable income as provided by section 290.01,
6.19 subdivision 19b, clauses (6), (8) to ~~(15)~~ (14), and ~~(17)~~ (16).

6.20 In the case of an estate or trust, alternative minimum taxable income must be
6.21 computed as provided in section 59(c) of the Internal Revenue Code.

6.22 (b) "Investment interest" means investment interest as defined in section 163(d)(3)
6.23 of the Internal Revenue Code.

6.24 (c) "Net minimum tax" means the minimum tax imposed by this section.

6.25 (d) "Regular tax" means the tax that would be imposed under this chapter (without
6.26 regard to this section and section 290.032), reduced by the sum of the nonrefundable
6.27 credits allowed under this chapter.

6.28 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
6.29 income after subtracting the exemption amount determined under subdivision 3.

6.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
6.31 December 31, 2011.

6.32 Sec. 5. Minnesota Statutes 2010, section 290.0921, subdivision 3, is amended to read:

6.33 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
6.34 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
6.35 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),

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7.1 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
7.2 Minnesota tax return, the minimum tax must be computed on a separate company basis.
7.3 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
7.4 computed on a unitary basis. The following adjustments must be made.

7.5 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
7.6 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
7.7 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
7.8 income tax purposes, including any modification made in a taxable year under section
7.9 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
7.10 paragraph (c).

7.11 For taxable years beginning after December 31, 2000, the amount of any remaining
7.12 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,
7.13 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation
7.14 allowance in the first taxable year after December 31, 2000.

7.15 (2) The portion of the depreciation deduction allowed for federal income tax
7.16 purposes under section 168(k) of the Internal Revenue Code that is required as an
7.17 addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining
7.18 alternative minimum taxable income.

7.19 (3) The subtraction for depreciation allowed under section 290.01, subdivision 19d,
7.20 clause (17), is allowed as a depreciation deduction in determining alternative minimum
7.21 taxable income.

7.22 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
7.23 of the Internal Revenue Code does not apply.

7.24 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
7.25 Revenue Code does not apply.

7.26 (6) The special rule for dividends from section 936 companies under section
7.27 56(g)(4)(C)(iii) does not apply.

7.28 (7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue
7.29 Code does not apply.

7.30 (8) The tax preference for intangible drilling costs under section 57(a)(2) of the
7.31 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
7.32 subtraction under section 290.01, subdivision 19d, clause (4).

7.33 (9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal
7.34 Revenue Code does not apply.

7.35 (10) The tax preference for charitable contributions of appreciated property under
7.36 section 57(a)(6) of the Internal Revenue Code does not apply.

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8.1 (11) For purposes of calculating the tax preference for accelerated depreciation or
8.2 amortization on certain property placed in service before January 1, 1987, under section
8.3 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
8.4 deduction allowed under section 290.01, subdivision 19e.

8.5 For taxable years beginning after December 31, 2000, the amount of any remaining
8.6 modification made under section 290.01, subdivision 19e, not previously deducted is a
8.7 depreciation or amortization allowance in the first taxable year after December 31, 2004.

8.8 (12) For purposes of calculating the adjustment for adjusted current earnings in
8.9 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
8.10 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
8.11 minimum taxable income as defined in this subdivision, determined without regard to the
8.12 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

8.13 (13) For purposes of determining the amount of adjusted current earnings under
8.14 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
8.15 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
8.16 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the
8.17 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
8.18 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other like
8.19 income subtracted as provided in section 290.01, subdivision 19d, clause (10).

8.20 (14) ~~Alternative minimum taxable income excludes the income from operating in a~~
8.21 ~~job opportunity building zone as provided under section 469.317.~~

8.22 ~~(15)~~ Alternative minimum taxable income excludes the income from operating in a
8.23 biotechnology and health sciences industry zone as provided under section 469.337.

8.24 ~~(16)~~ (15) Alternative minimum taxable income excludes the income from operating
8.25 in an international economic development zone as provided under section 469.326.

8.26 Items of tax preference must not be reduced below zero as a result of the
8.27 modifications in this subdivision.

8.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
8.29 December 31, 2011.

8.30 Sec. 6. Minnesota Statutes 2010, section 290.0922, subdivision 2, is amended to read:

8.31 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed
8.32 by this section:

8.33 (1) corporations exempt from tax under section 290.05;

8.34 (2) real estate investment trusts;

8.35 (3) regulated investment companies or a fund thereof; and

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9.1 (4) entities having a valid election in effect under section 860D(b) of the Internal
9.2 Revenue Code;

9.3 (5) town and farmers' mutual insurance companies;

9.4 (6) cooperatives organized under chapter 308A or 308B that provide housing
9.5 exclusively to persons age 55 and over and are classified as homesteads under section
9.6 273.124, subdivision 3; and

9.7 ~~(7) an entity, if for the taxable year all of its property is located in a job opportunity~~
9.8 ~~building zone designated under section 469.314 and all of its payroll is a job opportunity~~
9.9 ~~building zone payroll under section 469.310; and~~

9.10 ~~(8)~~ an entity, if for the taxable year all of its property is located in an international
9.11 economic development zone designated under section 469.322, and all of its payroll is
9.12 international economic development zone payroll under section 469.321. The exemption
9.13 under this clause applies to taxable years beginning during the duration of the international
9.14 economic development zone.

9.15 Entities not specifically exempted by this subdivision are subject to tax under this
9.16 section, notwithstanding section 290.05.

9.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
9.18 December 31, 2011.

9.19 Sec. 7. Minnesota Statutes 2010, section 290.0922, subdivision 3, is amended to read:

9.20 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales
9.21 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts
9.22 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the
9.23 total sales or receipts apportioned or attributed to Minnesota pursuant to any other
9.24 apportionment formula applicable to the taxpayer.

9.25 (b) "Minnesota property" means total Minnesota tangible property as provided in
9.26 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,
9.27 but does not include: (1) ~~property located in a job opportunity building zone designated~~
9.28 ~~under section 469.314, (2) property of a qualified business located in a biotechnology and~~
9.29 ~~health sciences industry zone designated under section 469.334, or (3) (2) for taxable years~~
9.30 beginning during the duration of the zone, property of a qualified business located in the
9.31 international economic development zone designated under section 469.322. Intangible
9.32 property shall not be included in Minnesota property for purposes of this section.

9.33 Taxpayers who do not utilize tangible property to apportion income shall nevertheless
9.34 include Minnesota property for purposes of this section. On a return for a short taxable
9.35 year, the amount of Minnesota property owned, as determined under section 290.191,

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10.1 shall be included in Minnesota property based on a fraction in which the numerator is the
10.2 number of days in the short taxable year and the denominator is 365.

10.3 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section
10.4 290.191, subdivision 12, but does not include: (1) ~~job opportunity building zone payrolls~~
10.5 ~~under section 469.310, subdivision 8, (2) biotechnology and health sciences industry zone~~
10.6 payrolls under section 469.330, subdivision 8, or ~~(3)~~ (2) for taxable years beginning during
10.7 the duration of the zone, international economic development zone payrolls under section
10.8 469.321, subdivision 9. Taxpayers who do not utilize payrolls to apportion income shall
10.9 nevertheless include Minnesota payrolls for purposes of this section.

10.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
10.11 December 31, 2011.

10.12 Sec. 8. Minnesota Statutes 2010, section 297B.03, is amended to read:

10.13 **297B.03 EXEMPTIONS.**

10.14 There is specifically exempted from the provisions of this chapter and from
10.15 computation of the amount of tax imposed by it the following:

10.16 (1) purchase or use, including use under a lease purchase agreement or installment
10.17 sales contract made pursuant to section 465.71, of any motor vehicle by the United States
10.18 and its agencies and instrumentalities and by any person described in and subject to the
10.19 conditions provided in section 297A.67, subdivision 11;

10.20 (2) purchase or use of any motor vehicle by any person who was a resident of
10.21 another state or country at the time of the purchase and who subsequently becomes a
10.22 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date
10.23 such person began residing in the state of Minnesota and the motor vehicle was registered
10.24 in the person's name in the other state or country;

10.25 (3) purchase or use of any motor vehicle by any person making a valid election to be
10.26 taxed under the provisions of section 297A.90;

10.27 (4) purchase or use of any motor vehicle previously registered in the state of
10.28 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
10.29 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
10.30 Revenue Code;

10.31 (5) purchase or use of any vehicle owned by a resident of another state and leased
10.32 to a Minnesota-based private or for-hire carrier for regular use in the transportation of
10.33 persons or property in interstate commerce provided the vehicle is titled in the state of

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11.1 the owner or secured party, and that state does not impose a sales tax or sales tax on
11.2 motor vehicles used in interstate commerce;

11.3 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
11.4 institution for use as an instructional aid in automotive training programs operated by the
11.5 institution. "Automotive training programs" includes motor vehicle body and mechanical
11.6 repair courses but does not include driver education programs;

11.7 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service
11.8 licensed under section 144E.10;

11.9 (8) purchase of a motor vehicle by or for a public library, as defined in section
11.10 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

11.11 (9) purchase of a ready-mixed concrete truck;

11.12 (10) purchase or use of a motor vehicle by a town for use exclusively for road
11.13 maintenance, including snowplows and dump trucks, but not including automobiles,
11.14 vans, or pickup trucks;

11.15 (11) purchase or use of a motor vehicle by a corporation, society, association,
11.16 foundation, or institution organized and operated exclusively for charitable, religious,
11.17 or educational purposes, except a public school, university, or library, but only if the
11.18 vehicle is:

11.19 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
11.20 passenger automobile, as defined in section 168.002, if the automobile is designed and
11.21 used for carrying more than nine persons including the driver; and

11.22 (ii) intended to be used primarily to transport tangible personal property or
11.23 individuals, other than employees, to whom the organization provides service in
11.24 performing its charitable, religious, or educational purpose;

11.25 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
11.26 transit service is exempt if the transit provider is either (i) receiving financial assistance or
11.27 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
11.28 473.388, or 473.405; and

11.29 ~~(13) purchase or use of a motor vehicle by a qualified business, as defined in section~~
11.30 ~~469.310, located in a job opportunity building zone, if the motor vehicle is principally~~
11.31 ~~garaged in the job opportunity building zone and is primarily used as part of or in direct~~
11.32 ~~support of the person's operations carried on in the job opportunity building zone. The~~
11.33 ~~exemption under this clause applies to sales, if the purchase was made and delivery~~
11.34 ~~received during the duration of the job opportunity building zone. The exemption under~~
11.35 ~~this clause also applies to any local sales and use tax; and~~

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12.1 ~~(14)~~ purchase of a leased vehicle by the lessee who was a participant in a
12.2 lease-to-own program from a charitable organization that is:

12.3 (i) described in section 501(c)(3) of the Internal Revenue Code; and

12.4 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

12.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
12.6 December 31, 2011.

12.7 Sec. 9. **REPEALER.**

12.8 (a) Minnesota Statutes 2010, sections 272.02, subdivision 64; and 272.029,
12.9 subdivision 7, are repealed.

12.10 (b) Minnesota Statutes 2010, section 289A.12, subdivision 15, is repealed.

12.11 (c) Minnesota Statutes 2010, sections 290.06, subdivision 29; 469.316; 469.317;
12.12 and 469.318, are repealed.

12.13 (d) Minnesota Statutes 2010, section 297A.68, subdivision 37, is repealed.

12.14 (e) Minnesota Statutes 2010, sections 469.310; 469.311; 469.312; 469.313; 469.314;
12.15 469.315; 469.3191; 469.3192; 469.3193; and 469.3201, are repealed.

12.16 (f) Minnesota Statutes 2010, section 469.319, is repealed.

12.17 **EFFECTIVE DATE.** Paragraph (a) is effective beginning for property taxes
12.18 assessed in 2011, payable in 2012.

12.19 Paragraph (b) is effective January 1, 2013.

12.20 Paragraph (c) is effective for taxable years beginning after December 31, 2011.

12.21 Paragraph (d) is effective for sales and purchases made after December 31, 2011.

12.22 Paragraph (e) is effective January 1, 2012.

12.23 Paragraph (f) is effective for violations of business subsidy agreements occurring
12.24 after January 1, 2012.