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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3910

04/14/2016 Authored by Gunther
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; sales and use; providing an exemption for construction
1.3 materials and supplies purchased by certain nonprofit economic development
1.4 corporations; amending Minnesota Statutes 2014, sections 297A.71, by adding a
1.5 subdivision; 297A.75, subdivisions 1, 2.

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

1.7 Section 1. Minnesota Statutes 2014, section 297A.71, is amended by adding a
1.8 subdivision to read:

1.9 Subd. 49. CONSTRUCTION MATERIALS USED BY A NONPROFIT
1.10 ECONOMIC DEVELOPMENT CORPORATION. Materials and supplies used or
1.11 consumed in and equipment incorporated into the construction of a retail development
1.12 consisting of retail space for a grocery store, fueling center, or other retail space by a
1.13 nonprofit economic development corporation that is a 501(c)(3) organization are exempt,
1.14 provided that the development is located in a city with no grocery store and the city is at
1.15 least 20 miles from another city with a grocery store. The exemption applies to materials,
1.16 supplies, and equipment purchased after January 1, 2013, and before January 1, 2017. The
1.17 tax must be imposed and collected as if the rate in Minnesota Statutes, section 297A.62
1.18 applied and the nonprofit economic development corporation must apply for the refund of
1.19 the tax in the same manner as provided under Minnesota Statutes, section 297A.75.

1.20 EFFECTIVE DATE. This section is effective the day following final enactment
1.21 and applies retroactively to sales and purchases made after January 1, 2013, and before
1.22 January 1, 2017.

1.23 Sec. 2. Minnesota Statutes 2014, section 297A.75, subdivision 1, is amended to read:

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

2.4 (1) building materials for an agricultural processing facility exempt under section
2.5 297A.71, subdivision 13;

2.6 (2) building materials for mineral production facilities exempt under section
2.7 297A.71, subdivision 14;

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

2.9 (4) building materials used in a residence for disabled veterans exempt under section
2.10 297A.71, subdivision 11;

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

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

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

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

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

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

2.23 (11) materials, supplies, and equipment for construction, improvement, or expansion
2.24 of:

2.25 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
2.26 subdivision 42;

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

2.29 (iii) a research and development facility exempt under section 297A.71, subdivision
2.30 46; ~~and~~

2.31 (iv) an industrial measurement manufacturing and controls facility exempt under
2.32 section 297A.71, subdivision 47; and

2.33 (v) a retail development exempt under section 297A.71, subdivision 49;

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

3.1 (13) materials, supplies, and equipment for qualifying capital projects under section
3.2 297A.71, subdivision 44;

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

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

3.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.8 Sec. 3. Minnesota Statutes 2014, 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
3.11 must 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
3.19 project;

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

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

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

3.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.