

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 2733**

(SENATE AUTHORS: HOFFMAN)

DATE  
02/26/2018

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; sales and use and motor vehicle taxes; modifying exemptions  
1.3 for certain leases and purchases; amending Minnesota Statutes 2016, sections  
1.4 297A.61, by adding a subdivision; 297A.70, subdivision 3; 297B.01, by adding a  
1.5 subdivision; 297B.03.

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

1.7 Section 1. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision  
1.8 to read:

1.9 Subd. 59. **American-made motor vehicle.** "American-made motor vehicle" means a  
1.10 motor vehicle bearing a vehicle identification number as defined by Code of Federal  
1.11 Regulations, title 49, section 565, that begins with the number "1."

1.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
1.13 30, 2018.

1.14 Sec. 2. Minnesota Statutes 2016, section 297A.70, subdivision 3, is amended to read:

1.15 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
1.16 to or use by the specified governments and political subdivisions of the state are exempt:

1.17 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
1.18 apparatus to a political subdivision;

1.19 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
1.20 municipal solid waste management services at a solid waste disposal facility as defined in  
1.21 section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly or disabled individuals;

(4) telephone services to the Office of MN.IT Services that are used to provide telecommunications services through the MN.IT services revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state;

(10) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project; ~~and~~

(11) purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision; and

(12) the lease of an American-made motor vehicle by:

(i) the state or any of its agencies or instrumentalities;

(ii) a local government as defined in subdivision 2, paragraph (d); or

(iii) a school district.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2018.

Sec. 3. Minnesota Statutes 2016, section 297B.01, is amended by adding a subdivision to read:

**Subd. 19. American-made motor vehicle.** "American-made motor vehicle" means a motor vehicle bearing a vehicle identification number as defined by Code of Federal Regulations, title 49, section 565, that begins with the number "1."

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2018.

Sec. 4. Minnesota Statutes 2016, section 297B.03, is amended to read:

**297B.03 EXEMPTIONS.**

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

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

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

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

4.3 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
4.4 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,  
4.5 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

4.6 (5) purchase or use of any vehicle owned by a resident of another state and leased to a  
4.7 Minnesota-based private or for-hire carrier for regular use in the transportation of persons  
4.8 or property in interstate commerce provided the vehicle is titled in the state of the owner or  
4.9 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used  
4.10 in interstate commerce;

4.11 (6) purchase or use of a motor vehicle by a private nonprofit, or an American-made  
4.12 motor vehicle by a public educational institution, for use as an instructional aid in automotive  
4.13 training programs operated by the institution. "Automotive training programs" includes  
4.14 motor vehicle body and mechanical repair courses but does not include driver education  
4.15 programs;

4.16 (7) purchase of ~~a~~ an American-made motor vehicle by an ambulance service licensed  
4.17 under section 144E.10 when that vehicle is equipped and specifically intended for emergency  
4.18 response or for providing ambulance service;

4.19 (8) purchase of ~~a~~ an American-made motor vehicle by or for a public library, as defined  
4.20 in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

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

4.22 (10) purchase or use of ~~a~~ an American-made motor vehicle by a town for use exclusively  
4.23 for road maintenance, including snowplows and dump trucks, but not including automobiles,  
4.24 vans, or pickup trucks;

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

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

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

(12) purchase of ~~a~~ an American-made motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

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

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

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

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2018.