

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1423

03/04/2015 Authored by Petersburg; Anderson, M.; Anderson, S.; Koznick; Simonson and others
The bill was read for the first time and referred to the Committee on Transportation Policy and Finance
03/11/2015 By motion, recalled and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxes; motor fuels and sales and use; exempting special fuels for
1.3 certain off-road uses; amending Minnesota Statutes 2014, sections 296A.16,
1.4 subdivision 2; 297A.68, subdivision 19.

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

1.6 Section 1. Minnesota Statutes 2014, section 296A.16, subdivision 2, is amended to read:

1.7 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and
1.8 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles
1.9 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose
1.10 other than use in licensed motor vehicles, and who paid the tax directly or indirectly
1.11 through the amount of the tax being included in the price of the gasoline or special fuel, or
1.12 otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the
1.13 commissioner a claim for refund in the form and manner prescribed by the commissioner,
1.14 and containing the information the commissioner shall require. By signing any such claim
1.15 which is false or fraudulent, the applicant shall be subject to the penalties provided in this
1.16 chapter for knowingly making a false claim. The claim shall set forth the total amount
1.17 of the gasoline so purchased and used by the applicant other than in motor vehicles, or
1.18 special fuel purchased and used by the applicant other than in licensed motor vehicles,
1.19 and shall state when and for what purpose it was used. When a claim contains an error
1.20 in computation or preparation, the commissioner is authorized to adjust the claim in
1.21 accordance with the evidence shown on the claim or other information available to the
1.22 commissioner. The commissioner, on being satisfied that the claimant is entitled to the
1.23 payments, shall approve the claim and transmit it to the commissioner of management
1.24 and budget. The words "gasoline" or "special fuel" as used in this subdivision do not

2.1 include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought
2.2 and used for a "qualifying purpose" means:

2.3 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
2.4 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose"
2.5 have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue
2.6 Code as defined in section 289A.02, subdivision 7.

2.7 (2) Gasoline or special fuel used for off-highway business use.

2.8 (i) "Off-highway business use" means any use off the public highway by a person in
2.9 that person's trade, business, or activity for the production of income.

2.10 (ii) Off-highway business use includes use of a passenger snowmobile off the public
2.11 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
2.12 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
2.13 including fuel consumed during idling time.

2.14 (iii) Off-highway business use does not include use as a fuel in a motor vehicle
2.15 which, at the time of use, is registered or is required to be registered for highway use under
2.16 the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu
2.17 of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
2.18 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the
2.19 fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

2.20 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles,
2.21 manufactured in Minnesota, and shipped by interstate carrier to destinations in other
2.22 states or foreign countries.

2.23 (4) Special fuel used in one of the following:

2.24 (i) to power a refrigeration unit mounted on a licensed motor vehicle, provided
2.25 that the unit has an engine separate from the one used to propel the vehicle and the fuel
2.26 is used exclusively for the unit;

2.27 (ii) to power an unlicensed motor vehicle that is used solely or primarily to move
2.28 semitrailers within a cargo yard, warehouse facility, or intermodal facility; or

2.29 (iii) to operate a power take-off unit or auxiliary engine in or on a licensed motor
2.30 vehicle, whether or not the unit or engine is fueled from the same or a different fuel tank
2.31 as that from which the motor vehicle is fueled.

2.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
2.33 June 30, 2015.

2.34 Sec. 2. Minnesota Statutes 2014, section 297A.68, subdivision 19, is amended to read:

2.35 Subd. 19. **Petroleum products.** The following petroleum products are exempt:

3.1 (1) products upon which a tax has been imposed and paid under chapter 296A,
3.2 and for which no refund has been or will be allowed because the buyer used the fuel
3.3 for nonhighway use;

3.4 (2) products that are used in the improvement of agricultural land by constructing,
3.5 maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water
3.6 impoundment, and other erosion control structures;

3.7 (3) products purchased by a transit system receiving financial assistance under
3.8 section 174.24, 256B.0625, subdivision 17, or 473.384;

3.9 (4) products purchased by an ambulance service licensed under chapter 144E;

3.10 (5) products used in a passenger snowmobile, as defined in section 296A.01,
3.11 subdivision 39, for off-highway business use as part of the operations of a resort as
3.12 provided under section 296A.16, subdivision 2, clause (2);

3.13 (6) products purchased by a state or a political subdivision of a state for use in motor
3.14 vehicles exempt from registration under section 168.012, subdivision 1, paragraph (b);

3.15 (7) products purchased by providers of transportation to recipients of medical
3.16 assistance home and community-based services waivers enrolled in day programs,
3.17 including adult day care, family adult day care, day treatment and habilitation,
3.18 prevocational services, and structured day services; ~~or~~

3.19 (8) products used in a motor vehicle used exclusively as a mobile medical unit
3.20 for the provision of medical or dental services by a federally qualified health center, as
3.21 defined under title 19 of the federal Social Security Act, as amended by Section 4161 of
3.22 the Omnibus Budget Reconciliation Act of 1990; or

3.23 (9) special fuels eligible for a motor fuel tax refund under section 296A.16,
3.24 subdivision 2, clause (4).

3.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
3.26 June 30, 2015.