

State of Minnesota

H. F. No. 1853

(b) Materials, supplies, and equipment used in the construction, reconstruction, repair, maintenance, or improvement of public infrastructure of any kind, including but not limited to roads, bridges, culverts, drinking water facilities, and wastewater facilities purchased by a contractor or subcontractor of the following entities are exempt:

(1) school districts, as defined in section 297A.70, subdivision 2, paragraph (c); or

(2) local governments, as defined in section 297A.70, subdivision 2, paragraph (d).

(c) The tax on purchases exempt under this subdivision must be imposed and collected as if the rate in 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, 2017.

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

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

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

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

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

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

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

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

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

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

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

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

3.5 (11) materials, supplies, and equipment for construction, improvement, or expansion
3.6 of;

3.7 ~~(i) an aerospace defense manufacturing facility exempt under section 297A.71,~~
3.8 ~~subdivision 42;~~

3.9 ~~(ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision~~
3.10 ~~45;~~

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

3.13 ~~(iv) an industrial measurement manufacturing and controls facility exempt under section~~
3.14 ~~297A.71, subdivision 47;~~

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

3.17 (13) materials, supplies, and equipment for qualifying capital projects under section
3.18 297A.71, subdivision 44;

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

3.21 (15) items and services purchased under a business subsidy agreement for use or
3.22 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
3.23 44; and

3.24 (16) building construction or reconstruction materials, supplies, and equipment purchased
3.25 by an entity eligible under section 297A.71, subdivision 49.

3.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.27 30, 2017.

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

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

- 4.1 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;
- 4.2 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;
- 4.3 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
- 4.4 provided in United States Code, title 38, chapter 21;
- 4.5 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
- 4.6 property;
- 4.7 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;
- 4.8 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
- 4.9 joint venture of municipal electric utilities;
- 4.10 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
- 4.11 business; ~~and~~
- 4.12 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental
- 4.13 entity that owns or contracts for the project or facility; and
- 4.14 (9) for subdivision 1, clause (16), the applicant must be the entity eligible under section
- 4.15 297A.71, subdivision 49.

4.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June

4.17 30, 2017.

4.18 Sec. 4. Minnesota Statutes 2016, section 297A.75, subdivision 3, is amended to read:

4.19 Subd. 3. **Application.** (a) The application must include sufficient information to permit

4.20 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,

4.21 or builder, under subdivision 1, clauses (3) to (13), ~~or (15), or (16),~~ the contractor,

4.22 subcontractor, or builder must furnish to the refund applicant a statement including the cost

4.23 of the exempt items and the taxes paid on the items unless otherwise specifically provided

4.24 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under

4.25 this section.

4.26 (b) An applicant may not file more than two applications per calendar year for refunds

4.27 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

4.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June

4.29 30, 2017.