

Sec. 2. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. Construction materials purchased by contractors; exemption for certain public entities. (a) Building, construction, or reconstruction materials, supplies, and equipment purchased by a contractor, subcontractor, or builder and used or consumed in or incorporated into buildings or facilities used principally by the Department of Transportation are exempt.

(b) Materials, supplies, and equipment purchased by a contractor, subcontractor, or builder and used in the construction, reconstruction, repair, maintenance, or improvement of facilities and projects directly used in public transit capital projects or other transportation capital projects financed in whole or in part by the following public entities are exempt:

(1) the Department of Transportation; and

(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 under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75. A refund of taxes paid on materials, supplies, and equipment for a public transit project must be used by the entity receiving the refund for transit purposes. A refund of taxes paid on materials, supplies, and equipment for other transportation capital projects must be used by the entity receiving the refund for other transportation capital projects.

(d) For purposes of this subdivision, "public transit capital project" means:

(1) a project or procurement of capital equipment eligible for state or federal financing under section 174.24, subdivision 2a;

(2) a rail passenger capital project authorized under sections 174.60 to 174.636;

(3) a commuter rail capital project authorized under sections 174.80 to 174.92; or

(4) a transit capital project or procurement of capital equipment authorized under sections 473.371 to 473.449.

(e) For purposes of this subdivision, "other transportation capital project" means construction, reconstruction, or maintenance of highways, including trunk highways, county highways, municipal streets, bridges, and associated facilities owned by the state or local government and located within the public right-of-way.

3.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.2 30, 2019.

3.3 Sec. 3. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

3.7 (1) building materials for an agricultural processing facility exempt under section
3.8 297A.71, subdivision 13;

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

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

3.12 (4) building materials used in a residence for disabled veterans exempt under section
3.13 297A.71, subdivision 11;

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

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

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

3.19 (8) equipment and materials used for the generation, transmission, and distribution of
3.20 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
3.21 37;

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

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

3.26 (11) materials, supplies, and equipment for construction, improvement, or expansion
3.27 of:

3.28 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
3.29 section 297A.71, subdivision 42;

3.30 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
3.31 45;

(iii) a research and development facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 46; and

(iv) an industrial measurement manufacturing and controls facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 47;

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

(13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

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

(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 49; ~~and~~

(17) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 50, paragraph (b); and

(18) materials, supplies, and equipment purchased for public buildings and facilities, public transit projects, and other transportation capital projects exempt under section 297A.71, subdivision 51.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 4. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

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

(1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

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

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

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

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project; ~~and~~

(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the building or project; and

(11) for subdivision 1, clause (18), the applicant must be the public entity eligible for the exemption under section 297A.71, subdivision 51.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 5. Minnesota Statutes 2018, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

6.1 Sec. 6. Minnesota Statutes 2018, section 297B.03, is amended to read:

6.2 **297B.03 EXEMPTIONS.**

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

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

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

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

6.16 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota
6.17 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
6.18 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

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

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

6.28 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10
6.29 when that vehicle is equipped and specifically intended for emergency response or for
6.30 providing ambulance service;

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

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

7.2 (10) purchase or use of a motor vehicle by a town, the Department of Transportation,
7.3 or a local government as defined in section 297A.70, subdivision 2, paragraph (d), for use
7.4 exclusively for highway, road, and bridge maintenance, including snowplows and dump
7.5 trucks, but not including automobiles, vans, or pickup trucks;

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

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

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

7.15 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
7.16 transit service is exempt if the transit provider is either (i) receiving financial assistance or
7.17 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
7.18 473.388, or 473.405;

7.19 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
7.20 469.310, located in a job opportunity building zone, if the motor vehicle is principally
7.21 garaged in the job opportunity building zone and is primarily used as part of or in direct
7.22 support of the person's operations carried on in the job opportunity building zone. The
7.23 exemption under this clause applies to sales, if the purchase was made and delivery received
7.24 during the duration of the job opportunity building zone. The exemption under this clause
7.25 also applies to any local sales and use tax;

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

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

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

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

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- 8.2
- 30, 2019.