

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 2812**

(SENATE AUTHORS: BENSON and Chamberlain)

DATE  
04/08/2019

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2250 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; sales and use; extending the exemption for governments and  
1.3 nonprofits to certain psychiatric residential treatment facilities; amending Minnesota  
1.4 Statutes 2018, section 297A.70, subdivision 7.

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

1.6 Section 1. Minnesota Statutes 2018, section 297A.70, subdivision 7, is amended to read:

1.7 Subd. 7. **Hospitals, outpatient surgical centers, and critical access dental providers,**  
1.8 **and psychiatric residential treatment facilities.** (a) Sales, except for those listed in  
1.9 paragraph ~~(d)~~ (e), to a hospital are exempt, if the items purchased are used in providing  
1.10 hospital services. For purposes of this subdivision, "hospital" means a hospital organized  
1.11 and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal  
1.12 Revenue Code, and licensed under chapter 144 or by any other jurisdiction, and "hospital  
1.13 services" are services authorized or required to be performed by a "hospital" under chapter  
1.14 144.

1.15 (b) Sales, except for those listed in paragraph ~~(d)~~ (e), to an outpatient surgical center are  
1.16 exempt, if the items purchased are used in providing outpatient surgical services. For purposes  
1.17 of this subdivision, "outpatient surgical center" means an outpatient surgical center organized  
1.18 and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal  
1.19 Revenue Code, and licensed under chapter 144 or by any other jurisdiction. For the purposes  
1.20 of this subdivision, "outpatient surgical services" means: (1) services authorized or required  
1.21 to be performed by an outpatient surgical center under chapter 144; and (2) urgent care. For  
1.22 purposes of this subdivision, "urgent care" means health services furnished to a person  
1.23 whose medical condition is sufficiently acute to require treatment unavailable through, or

2.1 inappropriate to be provided by, a clinic or physician's office, but not so acute as to require  
2.2 treatment in a hospital emergency room.

2.3 (c) Sales, except for those listed in paragraph ~~(d)~~ (e), to a critical access dental provider  
2.4 are exempt, if the items purchased are used in providing critical access dental care services.  
2.5 For the purposes of this subdivision, "critical access dental provider" means a dentist or  
2.6 dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b), and, in the  
2.7 previous calendar year, had no more than 15 percent of its patients covered by private dental  
2.8 insurance.

2.9 (d) Sales, except for those listed in paragraph (e), to a psychiatric residential treatment  
2.10 facility are exempt if the items purchased are used in providing psychiatric residential  
2.11 treatment services. For the purposes of this subdivision, "psychiatric residential treatment  
2.12 facility" means a federally certified psychiatric residential treatment facility for persons  
2.13 younger than 21 years of age organized and operated for charitable purposes within the  
2.14 meaning of section 501(c)(3) of the Internal Revenue Code and licensed under chapter  
2.15 245A. For the purpose of this subdivision, "psychiatric residential treatment services" means  
2.16 services authorized or required to be provided under section 256B.0625, subdivision 45a.

2.17 ~~(d)~~ (e) This exemption does not apply to the following products and services:

2.18 (1) purchases made by a clinic, physician's office, or any other medical facility not  
2.19 operating as a hospital, outpatient surgical center, ~~or~~ critical access dental provider, or  
2.20 psychiatric residential treatment facility, even though the clinic, office, or facility may be  
2.21 owned and operated by a hospital, outpatient surgical center, or critical access dental provider;

2.22 (2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared  
2.23 food, candy, and soft drinks;

2.24 (3) building and construction materials used in constructing buildings or facilities that  
2.25 will not be used principally by the hospital, outpatient surgical center, or critical access  
2.26 dental provider;

2.27 (4) building, construction, or reconstruction materials purchased by a contractor or a  
2.28 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
2.29 maximum price covering both labor and materials for use in the construction, alteration, or  
2.30 repair of a hospital, outpatient surgical center, ~~or~~ critical access dental provider, or psychiatric  
2.31 residential treatment facility; or

2.32 (5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

3.1       ~~(e)~~ (f) A limited liability company also qualifies for exemption under this subdivision  
3.2 if (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
3.3 purchased qualify for the exemption.

3.4       ~~(f)~~ (g) An entity that contains both a hospital and a nonprofit unit may claim this  
3.5 exemption on purchases made for both the hospital and nonprofit unit provided that:

3.6       (1) the nonprofit unit would have qualified for exemption under subdivision 4; and

3.7       (2) the items purchased would have qualified for the exemption.

3.8       **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
3.9 30, 2019.