

143.24

ARTICLE 2

143.25

TAXES

143.26 Section 1. Minnesota Statutes 2022, section 270B.12, is amended by adding a subdivision
 143.27 to read:

143.28 **Subd. 4a. Office of Cannabis Management.** The commissioner may disclose return
 143.29 information to the Office of Cannabis Management for the purpose of and to the extent
 143.30 necessary to administer section 270C.726.

143.31 **EFFECTIVE DATE.** This section is effective June 30, 2023.

144.1 **Sec. 2. [270C.726] POSTING OF TAX DELINQUENCY; SALE OF CANNABIS.**

144.2 **Subdivision 1. Posting; notice.** (a) Pursuant to the authority to disclose under section
 144.3 270B.12, subdivision 4a, the commissioner shall, by the 15th of each month, submit to the
 144.4 Office of Cannabis Management a list of all taxpayers subject to the tax imposed by section
 144.5 295.81 that are required to pay, withhold, or collect the tax imposed by section 290.02,
 144.6 290.0922, 290.92, 290.9727, 290.9728, 290.9729, 295.81, or 297A.62; a local sales and
 144.7 use tax payable to the commissioner; or a local sales and use tax administered and collected
 144.8 by the commissioner, and that are ten days or more delinquent in either filing a tax return
 144.9 or paying the tax.

144.10 (b) The commissioner is under no obligation to list a taxpayer whose business is inactive.
 144.11 At least ten days before notifying the Office of Cannabis Management, the commissioner
 144.12 shall notify the taxpayer of the intended action.

144.13 (c) The Office of Cannabis Management shall post the list required by this section on
 144.14 the Office of Cannabis Management website. The list must prominently show the date of
 144.15 posting. If a previously listed taxpayer files all returns and pays all taxes specified in this
 144.16 subdivision then due, the commissioner shall notify the Office of Cannabis Management
 144.17 within two business days.

144.18 **Subd. 2. Sales prohibited.** Beginning the third business day after the list is posted, no
 144.19 cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis mezzobusiness,
 144.20 cannabis wholesaler, or industrial hemp grower as defined in chapter 342 may sell or deliver
 144.21 any product to a taxpayer included on the posted list.

144.22 **Subd. 3. Penalty.** A cannabis cultivator, cannabis manufacturer, cannabis microbusiness,
 144.23 cannabis mezzobusiness, cannabis wholesaler, or industrial hemp grower as defined in
 144.24 chapter 342 who violates subdivision 2 of this section is subject to the penalties provided
 144.25 in sections 342.19 and 342.21.

144.26 **EFFECTIVE DATE.** This section is effective June 30, 2023.

150.1

ARTICLE 2

150.2

TAXES

150.3 Section 1. Minnesota Statutes 2022, section 270B.12, is amended by adding a subdivision
 150.4 to read:

150.5 **Subd. 4a. Office of Cannabis Management.** The commissioner may disclose return
 150.6 information to the Office of Cannabis Management for the purpose of and to the extent
 150.7 necessary to administer section 270C.726.

150.8 **EFFECTIVE DATE.** This section is effective June 30, 2023.

150.9 **Sec. 2. [270C.726] POSTING OF TAX DELINQUENCY; SALE OF CANNABIS.**

150.10 **Subdivision 1. Posting; notice.** (a) Pursuant to the authority to disclose under section
 150.11 270B.12, subdivision 4a, the commissioner shall, by the 15th of each month, submit to the
 150.12 Office of Cannabis Management a list of all taxpayers subject to the tax imposed by section
 150.13 295.81 that are required to pay, withhold, or collect the tax imposed by sections 290.02,
 150.14 290.0922, 290.92, 290.9727, 290.9728, 290.9729, 295.81, or 297A.62 or local sales and
 150.15 use tax payable to the commissioner, or a local option sales and use tax administered and
 150.16 collected by the commissioner, and who are ten days or more delinquent in either filing a
 150.17 tax return or paying the tax.

150.18 (b) The commissioner is under no obligation to list a taxpayer whose business is inactive.
 150.19 At least ten days before notifying the Office of Cannabis Management, the commissioner
 150.20 shall notify the taxpayer of the intended action.

150.21 (c) The Office of Cannabis Management shall post the list required by this section on
 150.22 the Office of Cannabis Management website. The list must prominently show the date of
 150.23 posting. If a taxpayer previously listed files all returns and pays all taxes specified in this
 150.24 subdivision then due, the commissioner shall notify the Office of Cannabis Management
 150.25 within two business days.

150.26 **Subd. 2. Sales prohibited.** Beginning the third business day after the list is posted, no
 150.27 cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis mezzobusiness,
 150.28 cannabis wholesaler, or industrial hemp grower as defined in chapter 342 may sell or deliver
 150.29 any product to a taxpayer included on the posted list.

150.30 **Subd. 3. Penalty.** A cannabis cultivator, cannabis manufacturer, cannabis microbusiness,
 150.31 cannabis mezzobusiness, cannabis wholesaler, or industrial hemp grower as defined in
 151.1 chapter 342 who violates subdivision 2 is subject to the penalties provided in sections 342.19
 151.2 and 342.21.

151.3 **EFFECTIVE DATE.** This section is effective June 30, 2023.

144.27 Sec. 3. Minnesota Statutes 2022, section 273.13, subdivision 24, is amended to read:

144.28 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal
144.29 property is class 3a.

144.30 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility real
144.31 property has a classification rate of 1.5 percent of the first tier of market value, and 2.0
144.32 percent of the remaining market value. In the case of contiguous parcels of property owned
144.33 by the same person or entity, only the value equal to the first-tier value of the contiguous
144.34 parcels qualifies for the reduced classification rate, except that contiguous parcels owned
144.35 by the same person or entity shall be eligible for the first-tier value classification rate on
144.36 each separate business operated by the owner of the property, provided the business is
144.37 housed in a separate structure. For the purposes of this subdivision, the first tier means the
144.38 first \$150,000 of market value. Real property owned in fee by a utility for transmission line
144.39 right-of-way shall be classified at the classification rate for the higher tier.

145.7 For purposes of this subdivision, parcels are considered to be contiguous even if they
145.8 are separated from each other by a road, street, waterway, or other similar intervening type
145.9 of property. Connections between parcels that consist of power lines or pipelines do not
145.10 cause the parcels to be contiguous. Property owners who have contiguous parcels of property
145.11 that constitute separate businesses that may qualify for the first-tier classification rate shall
145.12 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

145.13 (2) All personal property that is: (i) part of an electric generation, transmission, or
145.14 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,
145.15 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad
145.16 operating property has a classification rate as provided under clause (1) for the first tier of
145.17 market value and the remaining market value. In the case of multiple parcels in one county
145.18 that are owned by one person or entity, only one first tier amount is eligible for the reduced
145.19 rate.

145.20 (3) The entire market value of personal property that is: (i) tools, implements, and
145.21 machinery of an electric generation, transmission, or distribution system; (ii) tools,
145.22 implements, and machinery of a pipeline system transporting or distributing water, gas,
145.23 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of
145.24 steam or hot or chilled water for heating or cooling buildings, has a classification rate as
145.25 provided under clause (1) for the remaining market value in excess of the first tier.

145.26 (4) Real property used for raising, cultivating, processing, or storing cannabis plants,
145.27 cannabis flower, or cannabis products for sale has a classification rate as provided under
145.28 clause (1) for the first tier of market value and the remaining market value. As used in this
145.29 paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 18,
145.30 "cannabis flower" has the meaning given in section 342.01, subdivision 15, and "cannabis
145.31 product" has the meaning given in section 342.01, subdivision 19.

151.4 Sec. 3. Minnesota Statutes 2022, section 273.13, subdivision 24, is amended to read:

151.5 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal
151.6 property is class 3a.

151.7 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility real
151.8 property has a classification rate of 1.5 percent of the first tier of market value, and 2.0
151.9 percent of the remaining market value. In the case of contiguous parcels of property owned
151.10 by the same person or entity, only the value equal to the first-tier value of the contiguous
151.11 parcels qualifies for the reduced classification rate, except that contiguous parcels owned
151.12 by the same person or entity shall be eligible for the first-tier value classification rate on
151.13 each separate business operated by the owner of the property, provided the business is
151.14 housed in a separate structure. For the purposes of this subdivision, the first tier means the
151.15 first \$150,000 of market value. Real property owned in fee by a utility for transmission line
151.16 right-of-way shall be classified at the classification rate for the higher tier.

151.17 For purposes of this subdivision, parcels are considered to be contiguous even if they
151.18 are separated from each other by a road, street, waterway, or other similar intervening type
151.19 of property. Connections between parcels that consist of power lines or pipelines do not
151.20 cause the parcels to be contiguous. Property owners who have contiguous parcels of property
151.21 that constitute separate businesses that may qualify for the first-tier classification rate shall
151.22 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

151.23 (2) All personal property that is: (i) part of an electric generation, transmission, or
151.24 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,
151.25 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad
151.26 operating property has a classification rate as provided under clause (1) for the first tier of
151.27 market value and the remaining market value. In the case of multiple parcels in one county
151.28 that are owned by one person or entity, only one first tier amount is eligible for the reduced
151.29 rate.

151.30 (3) The entire market value of personal property that is: (i) tools, implements, and
151.31 machinery of an electric generation, transmission, or distribution system; (ii) tools,
151.32 implements, and machinery of a pipeline system transporting or distributing water, gas,
151.33 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of
152.1 steam or hot or chilled water for heating or cooling buildings, has a classification rate as
152.2 provided under clause (1) for the remaining market value in excess of the first tier.

152.3 (4) Real property used for raising, cultivating, processing, or storing cannabis plants,
152.4 cannabis flower, or cannabis products for sale has a classification rate as provided under
152.5 clause (1) for the first tier of market value and the remaining market value. As used in this
152.6 paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 18,
152.7 "cannabis flower" has the meaning given in section 342.01, subdivision 15, and "cannabis
152.8 product" has the meaning given in section 342.01, subdivision 19.

145.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
145.33 and thereafter.

146.1 Sec. 4. Minnesota Statutes 2022, section 275.025, subdivision 2, is amended to read:
146.2 **Subd. 2. Commercial-industrial tax capacity.** For the purposes of this section,
146.3 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
146.4 as class 3 or class 5(1) under section 273.13, excluding:
146.5 (1) the tax capacity attributable to the first \$150,000 of market value of each parcel of
146.6 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)
146.7 and, (2), and (4);
146.8 (2) electric generation attached machinery under class 3; and
146.9 (3) property described in section 473.625.

146.10 County commercial-industrial tax capacity amounts are not adjusted for the captured
146.11 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
146.12 the net tax capacity of transmission lines deducted from a local government's total net tax
146.13 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
146.14 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
146.15 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
146.16 (2), shall apply in determining the portion of a property eligible to be considered within the
146.17 first \$150,000 of market value.

146.18 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
146.19 and thereafter.

146.20 Sec. 5. **[289A.33] FILING REQUIREMENTS AND DUE DATES; SPECIAL RULES.**

146.21 (a) Upon the request of any cannabis business as defined by section 342.01, subdivision
146.22 13, required to collect and remit taxes imposed under section 295.81, chapter 290, or chapter
146.23 297A, the commissioner shall waive the requirement that payment of tax must be made
146.24 electronically if the failure to pay electronically is because the cannabis business is unable
146.25 to secure banking services and the inability to secure the services is due to its engagement
146.26 in cannabis-related business allowed under Minnesota law.

146.27 (b) If, in consultation with the commissioner of commerce, the commissioner determines
146.28 the inability to find banking services is widespread and enforcement of the electronic payment
146.29 requirement will significantly impede the ability of cannabis businesses to timely pay taxes
146.30 imposed under section 295.81, chapter 290, or chapter 297A, the commissioner may publish
146.31 notice on the department website that waives the requirement to pay the tax electronically.
146.32 If such notice is published, a cannabis business must file returns and pay taxes lawfully due
146.33 in the form and manner prescribed by the commissioner.

152.9 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
152.10 and thereafter.

152.11 Sec. 4. Minnesota Statutes 2022, section 275.025, subdivision 2, is amended to read:
152.12 **Subd. 2. Commercial-industrial tax capacity.** For the purposes of this section,
152.13 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
152.14 as class 3 or class 5(1) under section 273.13, excluding:
152.15 (1) the tax capacity attributable to the first \$150,000 of market value of each parcel of
152.16 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)
152.17 and, (2), and (4);
152.18 (2) electric generation attached machinery under class 3; and
152.19 (3) property described in section 473.625.

152.20 County commercial-industrial tax capacity amounts are not adjusted for the captured
152.21 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
152.22 the net tax capacity of transmission lines deducted from a local government's total net tax
152.23 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
152.24 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
152.25 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
152.26 (2), shall apply in determining the portion of a property eligible to be considered within the
152.27 first \$150,000 of market value.

152.28 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
152.29 and thereafter.

153.1 Sec. 5. **[289A.33] FILING REQUIREMENTS AND DUE DATES; SPECIAL RULES.**

153.2 (a) Upon the request of any cannabis business as defined by section 342.01, subdivision
153.3 13, required to collect and remit taxes imposed under section 295.81, chapter 290, or chapter
153.4 297A, the commissioner shall waive the requirement that payment of tax must be made
153.5 electronically if the failure to pay electronically is because the cannabis business is unable
153.6 to secure banking services and the inability to secure the services is due to its engagement
153.7 in cannabis-related business allowed under Minnesota law.

153.8 (b) If, in consultation with the commissioner of commerce, the commissioner determines
153.9 that the inability to find banking services is widespread and enforcement of the electronic
153.10 payment requirement will significantly impede the ability of cannabis businesses to timely
153.11 pay taxes imposed under section 295.81, chapter 290, or chapter 297A, the commissioner
153.12 may publish notice on the department website that waives the requirement to pay the tax
153.13 electronically. If such notice is published, a cannabis business must file returns and pay
153.14 taxes lawfully due in the form and manner prescribed by the commissioner.

147.1 (c) Nothing in this subdivision relieves a cannabis business from timely filing and paying
 147.2 taxes.

147.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

147.4 Sec. 6. Minnesota Statutes 2022, section 290.0132, subdivision 29, is amended to read:

147.5 Subd. 29. **Disallowed section 280E expenses; medical cannabis manufacturers**
 147.6 **licensees.** The amount of expenses of a medical cannabis manufacturer business, as defined
 147.7 under section 452.22, subdivision 7 342.01, subdivision 51, related to the business of medical
 147.8 cannabis under sections 452.21 to 152.37 342.47 to 342.60, or a license holder under chapter
 147.9 342 related to the business of nonmedical cannabis under that chapter, and not allowed for
 147.10 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

147.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 147.12 31, 2022.

147.13 Sec. 7. Minnesota Statutes 2022, section 290.0134, subdivision 19, is amended to read:

147.14 Subd. 19. **Disallowed section 280E expenses; medical cannabis manufacturers**
 147.15 **licensees.** The amount of expenses of a medical cannabis manufacturer business, as defined
 147.16 under section 452.22, subdivision 7 342.01, subdivision 51, related to the business of medical
 147.17 cannabis under sections 452.21 to 152.37 342.47 to 342.60, or a license holder under chapter
 147.18 342 related to the business of nonmedical cannabis under that chapter, and not allowed for
 147.19 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

147.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 147.21 31, 2022.

147.22 Sec. 8. **[295.81] CANNABIS GROSS RECEIPTS TAX.**

147.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
 147.24 the meanings given.

147.25 (b) "Bundled transaction" means the retail sale of two or more products when the products
 147.26 are otherwise distinct and identifiable and the products are sold for one nonitemized price.

147.27 (c) "Cannabis flower" has the meaning given in section 342.01, subdivision 15.

147.28 (d) "Cannabis product" has the meaning given in section 342.01, subdivision 19.

147.29 (e) "Cannabis solution product" means any cartridge, bottle, or other package that contains
 147.30 a taxable cannabis product in a solution that is consumed or meant to be consumed through
 148.1 the use of a heating element, power source, electronic circuit, or other electronic, chemical,
 148.2 or mechanical means that produces vapor or aerosol. A cannabis solution product includes
 148.3 any electronic delivery system, electronic vaping device, electronic vape pen, electronic
 148.4 oral device, electronic delivery device, or similar product or device, and any batteries,

153.15 (c) Nothing in this section relieves a cannabis business from timely filing and paying
 153.16 taxes.

153.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

153.18 Sec. 6. Minnesota Statutes 2022, section 290.0132, subdivision 29, is amended to read:

153.19 Subd. 29. **Disallowed section 280E expenses; medical cannabis manufacturers**
 153.20 **licensees.** The amount of expenses of a medical cannabis manufacturer business, as defined
 153.21 under section 452.22, subdivision 7 342.01, subdivision 52, related to the business of medical
 153.22 cannabis under sections 452.21 to 152.37 342.47 to 342.59, or a license holder under chapter
 153.23 342, related to the business of nonmedical cannabis under that chapter, and not allowed for
 153.24 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

153.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 153.26 31, 2022.

153.27 Sec. 7. Minnesota Statutes 2022, section 290.0134, subdivision 19, is amended to read:

153.28 Subd. 19. **Disallowed section 280E expenses; medical cannabis manufacturers**
 153.29 **licensees.** The amount of expenses of a medical cannabis manufacturer business, as defined
 153.30 under section 452.22, subdivision 7 342.01, subdivision 52, related to the business of medical
 153.31 cannabis under sections 452.21 to 152.37 342.47 to 342.59, or a license holder under chapter
 154.1 342, related to the business of nonmedical cannabis under that chapter, and not allowed for
 154.2 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

154.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 154.4 31, 2022.

154.5 Sec. 8. **[295.81] CANNABIS GROSS RECEIPTS TAX.**

154.6 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
 154.7 the meanings given.

154.8 (b) "Bundled transaction" means the retail sale of two or more products when the products
 154.9 are otherwise distinct and identifiable, and the products are sold for one nonitemized price.

154.10 (c) "Cannabis flower" has the meaning given in section 342.01, subdivision 15.

154.11 (d) "Cannabis product" has the meaning given in section 342.01, subdivision 19.

154.12 (e) "Cannabis solution product" means any cartridge, bottle, or other package that contains
 154.13 a taxable cannabis product in a solution that is consumed or meant to be consumed through
 154.14 the use of a heating element, power source, electronic circuit, or other electronic, chemical,
 154.15 or mechanical means that produces vapor or aerosol. A cannabis solution product includes
 154.16 any electronic delivery system, electronic vaping device, electronic vape pen, electronic
 154.17 oral device, electronic delivery device, or similar product or device, and any batteries,

148.5 heating elements, or other components, parts, or accessories sold with and meant to be used
 148.6 in the consumption of a solution containing a taxable cannabis product.

148.7 (f) "Cannabis mezzobusiness" means a cannabis business licensed under section 342.29.

148.8 (g) "Cannabis microbusiness" means a cannabis business licensed under section 342.28.

148.9 (h) "Cannabis retailer" means a cannabis business licensed under section 342.32.

148.10 (i) "Commissioner" means the commissioner of revenue.

148.11 (j) "Gross receipts" means the total amount received in money or by barter or exchange
 148.12 for all taxable cannabis product sales at retail as measured by the sales price. Gross receipts
 148.13 include but are not limited to delivery charges and packaging costs. Gross receipts do not
 148.14 include:

148.15 (1) any taxes imposed directly on the customer that are separately stated on the invoice,
 148.16 bill of sale, or similar document given to the purchaser; and

148.17 (2) discounts, including cash, terms, or coupons, that are not reimbursed by a third party
 148.18 and that are allowed by the seller and taken by a purchaser on a sale.

148.19 (k) "Hemp-derived consumer product" has the meaning given in section 342.01,
 148.20 subdivision 35.

148.21 (l) "Lower-potency hemp edible" has the meaning given in section 342.01, subdivision
 148.22 48.

148.23 (m) "Lower-potency hemp edible retailer" means a cannabis business licensed under
 148.24 section 342.43, subdivision 1, clause (1).

148.25 (n) "Medical cannabis flower" has the meaning given in section 342.01, subdivision 52.

148.26 (o) "Medical cannabinoid product" has the meaning given in section 342.10, subdivision
 148.27 50.

148.28 (p) "Medical cannabis paraphernalia" has the meaning given in section 342.01,
 148.29 subdivision 53.

148.30 (q) "Retail sale" has the meaning given in section 297A.61, subdivision 4.

149.1 (r) "Taxable cannabis product" means cannabis flower, cannabis product, cannabis
 149.2 solution product, hemp-derived consumer product, lower-potency hemp edible, and any
 149.3 substantially similar item.

149.4 (s) "Taxable cannabis product retailer" means a retailer that sells any taxable cannabis
 149.5 product, and includes a cannabis retailer, cannabis microbusiness, cannabis mezzobusiness,
 149.6 and lower-potency hemp edible retailer. Taxable cannabis product retailer includes but is
 149.7 not limited to a:

154.18 heating elements, or other components, parts, or accessories sold with and meant to be used
 154.19 in the consumption of a solution containing a taxable cannabis product.

154.20 (f) "Cannabis mezzobusiness" means a cannabis business licensed under section 342.31.

154.21 (g) "Cannabis microbusiness" means a cannabis business licensed under section 342.29.

154.22 (h) "Cannabis retailer" means a cannabis business licensed under section 342.27.

154.23 (i) "Commissioner" means the commissioner of revenue.

154.24 (j) "Gross receipts" means the total amount received, in money or by barter or exchange,
 154.25 for all taxable cannabis product sales at retail as measured by the sales price. Gross receipts
 154.26 include but are not limited to delivery charges and packaging costs. Gross receipts do not
 154.27 include:

154.28 (1) any taxes imposed directly on the customer that are separately stated on the invoice,
 154.29 bill of sale, or similar document given to the purchaser; and

154.30 (2) discounts, including cash, terms, or coupons, that are not reimbursed by a third party
 154.31 and that are allowed by the seller and taken by a purchaser on a sale.

155.1 (k) "Hemp-derived consumer product" has the meaning given in section 342.01,
 155.2 subdivision 35.

155.3 (l) "Lower-potency hemp edible" has the meaning given in section 342.01, subdivision
 155.4 49.

155.5 (m) "Lower-potency hemp edible retailer" means a cannabis business licensed under
 155.6 section 342.41, subdivision 1, paragraph (b), clause (1).

155.7 (n) "Medical cannabis flower" has the meaning given in section 342.01, subdivision 53.

155.8 (o) "Medical cannabinoid product" has the meaning given in section 342.01, subdivision
 155.9 51.

155.10 (p) "Medical cannabis paraphernalia" has the meaning given in section 342.01,
 155.11 subdivision 54.

155.12 (q) "Retail sale" has the meaning given in section 297A.61, subdivision 4.

155.13 (r) "Taxable cannabis product" means cannabis flower, cannabis product, cannabis
 155.14 solution product, hemp-derived consumer product, lower-potency hemp edible, and any
 155.15 substantially similar product.

155.16 (s) "Taxable cannabis product retailer" means a retailer that sells any taxable cannabis
 155.17 product and includes a cannabis retailer, cannabis microbusiness, cannabis mezzobusiness,
 155.18 and lower-potency hemp edible retailer. Taxable cannabis product retailer includes but is
 155.19 not limited to a:

149.8 (1) retailer maintaining a place of business in this state;
 149.9 (2) marketplace provider maintaining a place of business in this state, as defined in
 149.10 section 297A.66, subdivision 1, paragraph (a);
 149.11 (3) retailer not maintaining a place of business in this state; and
 149.12 (4) marketplace provider not maintaining a place of business in this state, as defined in
 149.13 section 297A.66, subdivision 1, paragraph (b).

149.14 Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to a rate established by subdivisions
 149.15 2 and 3 of gross receipts from retail sales in Minnesota of taxable cannabis products is
 149.16 imposed on any taxable cannabis product retailer that sells these products to customers:

149.17 (1) for sales and purchases made on July 1, 2023, through June 30, 2027, the rate is
 149.18 equal to eight percent; and

149.19 (2) for sales and purchases made after June 30, 2027, the rate is equal to the amount
 149.20 established under subdivision 3.

149.21 (b) A taxable cannabis product retailer may but is not required to collect the tax imposed
 149.22 by this section from the purchaser as long as the tax is separately stated on the receipt,
 149.23 invoice, bill of sale, or similar document given to the purchaser.

149.24 (c) If a product subject to the tax imposed under this section is included in a bundled
 149.25 transaction, the entire sales price of the bundled transaction is subject to the tax imposed
 149.26 under this section.

149.27 (d) The tax imposed under this section is in addition to any other tax imposed on the
 149.28 sale or use of taxable cannabis products.

149.29 Subd. 3. **Tax rate adjustment.** (a) Beginning in March 2027, in each odd-numbered
 149.30 year, the commissioner of management and budget shall use the February forecast of general
 149.31 fund revenues and expenditures reflecting the most recently completed fiscal year to
 149.32 determine that the conditions in paragraph (b) are met.

150.1 (b) Revenues raised by the tax imposed under this section combined with the tax imposed
 150.2 under chapter 297A on taxable cannabis products exceed the projected expenditures related
 150.3 to the ongoing regulation of cannabis for the upcoming biennium, including:

150.4 (1) the appropriations to the Office of Cannabis Management;
 150.5 (2) the appropriations to the Department of Agriculture;
 150.6 (3) the appropriations to the Cannabis Expungement Board;
 150.7 (4) the appropriations to the Department of Commerce;
 150.8 (5) the appropriations to the Department of Education;

155.20 (1) retailer maintaining a place of business in this state;
 155.21 (2) marketplace provider maintaining a place of business in this state, as defined in
 155.22 section 297A.66, subdivision 1, paragraph (a);
 155.23 (3) retailer not maintaining a place of business in this state; and
 155.24 (4) marketplace provider not maintaining a place of business in this state, as defined in
 155.25 section 297A.66, subdivision 1, paragraph (b).

155.26 Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to ten percent of gross receipts
 155.27 from retail sales in Minnesota of taxable cannabis products is imposed on any taxable
 155.28 cannabis product retailer that sells these products to customers. A taxable cannabis product
 155.29 retailer may but is not required to collect the tax imposed by this section from the purchaser
 155.30 as long as the tax is separately stated on the receipt, invoice, bill of sale, or similar document
 155.31 given to the purchaser.

156.1 (b) If a product subject to the tax imposed by this section is included in a bundled
 156.2 transaction, the entire sales price of the bundled transaction is subject to the tax imposed
 156.3 by this section.

156.4 (c) The tax imposed under this section is in addition to any other tax imposed on the
 156.5 sale or use of taxable cannabis products.

150.9 (6) the appropriations to the Department of Employment and Economic Development;
150.10 (7) the appropriations to the Department of Health;
150.11 (8) the appropriations to the Department of Human Services;
150.12 (9) the appropriations to the Department of Labor and Industry;
150.13 (10) the appropriations to the Pollution Control Agency;
150.14 (11) the appropriations to the Department of Public Safety;
150.15 (12) the appropriations to the Department of Revenue;
150.16 (13) the transfers to the dual training account in the special revenue fund; and
150.17 (14) the transfers to the substance use treatment, recovery, and prevention grant account.
150.18 (c) The commissioner of management and budget shall report its determination to the
150.19 commissioner no later than March 15 in the same odd-numbered year.
150.20 (d) The commissioner shall adjust the tax rate so that the revenues described in paragraph
150.21 (a) equal or most closely exceed the expenditures in paragraph (b). The new rate must be
150.22 rounded to the nearest one-quarter of one percent. The commissioner must post the new
150.23 rate on the department website by April 1 of the same odd-numbered year. The new rate
150.24 applies to sales and purchases made after June 30 of the same odd-numbered year.

150.25 Subd. 4. **Use tax imposed; credit for taxes paid.** (a) A person that receives taxable
150.26 cannabis products for use or storage in Minnesota, other than from a taxable cannabis product
150.27 retailer that paid the tax under subdivision 2, is subject to tax at the rate imposed under
150.28 subdivision 2. Liability for the tax is incurred when the person has possession of the taxable
150.29 cannabis product in Minnesota. The tax must be remitted to the commissioner in the same
150.30 manner prescribed for taxes imposed under chapter 297A.

151.1 (b) A person that has paid taxes to another state or any subdivision thereof on the same
151.2 transaction and is subject to tax under this section is entitled to a credit for the tax legally
151.3 due and paid to another state or subdivision thereof to the extent of the lesser of (1) the tax
151.4 actually paid to the other state or subdivision thereof, or (2) the amount of tax imposed by
151.5 Minnesota on the transaction subject to tax in the other state or subdivision thereof.

151.6 Subd. 5. **Exemptions.** (a) The use tax imposed under subdivision 4, paragraph (a), does
151.7 not apply to the possession, use, or storage of taxable cannabis products if (1) the taxable
151.8 cannabis products have an aggregate cost in any calendar month to the customer of \$100
151.9 or less, and (2) the taxable cannabis products were carried into this state by the customer.

151.10 (b) The tax imposed under this section does not apply to sales of medical items purchased
151.11 by or for a patient enrolled in the registry program, including medical cannabis flower,
151.12 medical cannabinoid products, or medical cannabis paraphernalia.

156.6 Subd. 3. **Use tax imposed; credit for taxes paid.** (a) A person that receives taxable
156.7 cannabis products for use or storage in Minnesota, other than from a taxable cannabis product
156.8 retailer that paid the tax under subdivision 2, is subject to tax at the rate imposed under
156.9 subdivision 2. Liability for the tax is incurred when the person has possession of the taxable
156.10 cannabis product in Minnesota. The tax must be remitted to the commissioner in the same
156.11 manner prescribed for taxes imposed under chapter 297A.

156.12 (b) A person that has paid taxes to another state or any subdivision thereof on the same
156.13 transaction and is subject to tax under this section is entitled to a credit for the tax legally
156.14 due and paid to another state or subdivision thereof to the extent of the lesser of (1) the tax
156.15 actually paid to the other state or subdivision thereof, or (2) the amount of tax imposed by
156.16 Minnesota on the transaction subject to tax in the other state or subdivision thereof.

156.17 Subd. 4. **Exemptions.** (a) The use tax imposed under subdivision 3, paragraph (a), does
156.18 not apply to the possession, use, or storage of taxable cannabis products if (1) the taxable
156.19 cannabis products have an aggregate cost in any calendar month to the customer of \$100
156.20 or less and (2) the taxable cannabis products were carried into this state by the customer.

156.21 (b) The tax imposed under this section does not apply to sales of medical items purchased
156.22 by or for the patients enrolled in the registry program, including medical cannabis flower,
156.23 medical cannabinoid products, and medical cannabis paraphernalia.

151.13 (c) Unless otherwise specified in this section, the exemptions applicable to taxes imposed
 151.14 under chapter 297A are not applicable to the taxes imposed under this section.

151.15 Subd. 6. **Local taxes prohibited.** A political subdivision of this state is prohibited from
 151.16 imposing a local sales tax solely on the sale of taxable cannabis products.

151.17 Subd. 7. **Tax collection required.** A taxable cannabis product retailer with nexus in
 151.18 Minnesota that is not subject to tax under subdivision 2 is required to collect the tax imposed
 151.19 under subdivision 4 from the purchaser of the taxable cannabis product and give the purchaser
 151.20 a receipt for the tax paid. The tax collected must be remitted to the commissioner in the
 151.21 same manner prescribed for the taxes imposed under chapter 297A.

151.22 Subd. 8. **Taxes paid to another state or any subdivision thereof; credit.** A taxable
 151.23 cannabis product retailer that has paid taxes to another state or any subdivision thereof
 151.24 measured by gross receipts and is subject to tax under this section on the same gross receipts
 151.25 is entitled to a credit for the tax legally due and paid to another state or any subdivision
 151.26 thereof to the extent of the lesser of (1) the tax actually paid to the other state or any
 151.27 subdivision thereof, or (2) the amount of tax imposed by Minnesota on the gross receipts
 151.28 subject to tax in the other taxing state or any subdivision thereof.

151.29 Subd. 9. **Sourcing of sales.** Section 297A.668 applies to the taxes imposed by this
 151.30 section.

151.31 Subd. 10. **Administration.** Unless specifically provided otherwise, the audit, assessment,
 151.32 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative
 151.33 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
 152.1 297A, except the requirement to file returns and remit taxes due electronically if authorized
 152.2 under section 289A.33, apply to the tax imposed under this section.

152.3 Subd. 11. **Returns; payment of tax.** (a) A taxable cannabis product retailer must report
 152.4 the tax on a return prescribed by the commissioner and must remit the tax in a form and
 152.5 manner prescribed by the commissioner. The return and the tax must be filed and paid using
 152.6 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision
 152.7 4, and chapter 297A.

152.8 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
 152.9 the date of payment of the tax until the date the refund is paid or credited. For purposes of
 152.10 this subdivision, the date of payment is the due date of the return or the date of actual
 152.11 payment of the tax, whichever is later.

156.24 (c) Unless otherwise specified in this section, the exemptions applicable to taxes imposed
 156.25 under chapter 297A are not applicable to the taxes imposed under this section.

158.5 Sec. 9. **[295.82] CANNABIS LOCAL TAX PROHIBITED.**

158.6 A political subdivision of this state is prohibited from imposing a tax under this section
 158.7 solely on the sale of taxable cannabis products as defined under section 295.81, subdivision
 158.8 1, paragraph (q).

158.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

156.26 Subd. 5. **Tax collection required.** A taxable cannabis product retailer with nexus in
 156.27 Minnesota, who is not subject to tax under subdivision 2, is required to collect the tax
 156.28 imposed under subdivision 3 from the purchaser of the taxable cannabis product and give
 156.29 the purchaser a receipt for the tax paid. The tax collected must be remitted to the
 156.30 commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

156.31 Subd. 6. **Taxes paid to another state or any subdivision thereof; credit.** A taxable
 156.32 cannabis product retailer that has paid taxes to another state or any subdivision thereof
 156.33 measured by gross receipts and is subject to tax under this section on the same gross receipts
 157.1 is entitled to a credit for the tax legally due and paid to another state or any subdivision
 157.2 thereof to the extent of the lesser of (1) the tax actually paid to the other state or any
 157.3 subdivision thereof, or (2) the amount of tax imposed by Minnesota on the gross receipts
 157.4 subject to tax in the other taxing state or any subdivision thereof.

157.5 Subd. 7. **Sourcing of sales.** Section 297A.668 applies to the taxes imposed by this
 157.6 section.

157.7 Subd. 8. **Administration.** Unless specifically provided otherwise, the audit, assessment,
 157.8 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative
 157.9 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
 157.10 297A, except the requirement to file returns and remit taxes due electronically if the
 157.11 commissioner waives the requirement pursuant to section 289A.33, apply to the tax imposed
 157.12 under this section.

157.13 Subd. 9. **Returns; payment of tax.** (a) A taxable cannabis product retailer must report
 157.14 the tax on a return prescribed by the commissioner and must remit the tax in a form and
 157.15 manner prescribed by the commissioner. The return and the tax must be filed and paid using
 157.16 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision
 157.17 4, and chapter 297A.

157.18 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
 157.19 the date of payment of the tax until the date the refund is paid or credited. For purposes of
 157.20 this subdivision, the date of payment is the due date of the return or the date of actual
 157.21 payment of the tax, whichever is later.

152.12 **Subd. 12. Deposit of revenues.** The commissioner must deposit all revenues, including
152.13 penalties and interest, derived from the tax imposed by this section in the general fund.

152.14 **Subd. 13. Personal debt.** The tax imposed by this section, and interest and penalties
152.15 imposed with respect to it, are a personal debt of the person required to file a return from
152.16 the time that the liability for it arises, irrespective of when the time for payment of the
152.17 liability occurs. The debt must, in the case of the executor or administrator of the estate of
152.18 a decedent and in the case of a fiduciary, only be that of the person in the person's official
152.19 or fiduciary capacity, unless the person has voluntarily distributed the assets held in that
152.20 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which
152.21 event the person is personally liable for any deficiency.

152.22 **EFFECTIVE DATE.** This section is effective for gross receipts received after June 30,
152.23 2023.

152.24 Sec. 9. Minnesota Statutes 2022, section 297A.61, subdivision 3, is amended to read:

152.25 **Subd. 3. Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
152.26 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
152.27 the terms "tangible personal property" and "retail sale" include the taxable services listed
152.28 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
152.29 services, unless specifically provided otherwise. Services performed by an employee for
152.30 an employer are not taxable. Services performed by a partnership or association for another
152.31 partnership or association are not taxable if one of the entities owns or controls more than
152.32 80 percent of the voting power of the equity interest in the other entity. Services performed
152.33 between members of an affiliated group of corporations are not taxable. For purposes of
153.1 the preceding sentence, "affiliated group of corporations" means those entities that would
153.2 be classified as members of an affiliated group as defined under United States Code, title
153.3 26, section 1504, disregarding the exclusions in section 1504(b).

153.4 (b) Sale and purchase include:

153.5 (1) any transfer of title or possession, or both, of tangible personal property, whether
153.6 absolutely or conditionally, for a consideration in money or by exchange or barter; and

153.7 (2) the leasing of or the granting of a license to use or consume, for a consideration in
153.8 money or by exchange or barter, tangible personal property, other than a manufactured
153.9 home used for residential purposes for a continuous period of 30 days or more.

157.22 **Subd. 10. Deposit of revenues; account established.** (a) The commissioner must deposit
157.23 the revenues, including penalties and interest, derived from the tax imposed by this section
157.24 as follows:

157.25 (1) 75 percent to the general fund; and
157.26 (2) 25 percent to the local government cannabis aid account in the special revenue fund.
157.27 (b) The local government cannabis aid account is established in the special revenue fund.

157.28 **Subd. 11. Personal debt.** The tax imposed by this section, and interest and penalties
157.29 imposed with respect to it, are a personal debt of the person required to file a return from
157.30 the time that the liability for it arises, irrespective of when the time for payment of the
157.31 liability occurs. The debt must, in the case of the executor or administrator of the estate of
157.32 a decedent and in the case of a fiduciary, be that of the person in the person's official or
157.33 fiduciary capacity only, unless the person has voluntarily distributed the assets held in that
158.1 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which
158.2 event the person is personally liable for any deficiency.

158.3 **EFFECTIVE DATE.** This section is effective for gross receipts received after June 30,
158.4 2023.

158.10 Sec. 10. Minnesota Statutes 2022, section 297A.61, subdivision 3, is amended to read:

158.11 **Subd. 3. Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
158.12 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
158.13 the terms "tangible personal property" and "retail sale" include the taxable services listed
158.14 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
158.15 services, unless specifically provided otherwise. Services performed by an employee for
158.16 an employer are not taxable. Services performed by a partnership or association for another
158.17 partnership or association are not taxable if one of the entities owns or controls more than
158.18 80 percent of the voting power of the equity interest in the other entity. Services performed
158.19 between members of an affiliated group of corporations are not taxable. For purposes of
158.20 the preceding sentence, "affiliated group of corporations" means those entities that would
158.21 be classified as members of an affiliated group as defined under United States Code, title
158.22 26, section 1504, disregarding the exclusions in section 1504(b).

158.23 (b) Sale and purchase include:

158.24 (1) any transfer of title or possession, or both, of tangible personal property, whether
158.25 absolutely or conditionally, for a consideration in money or by exchange or barter; and

158.26 (2) the leasing of or the granting of a license to use or consume, for a consideration in
158.27 money or by exchange or barter, tangible personal property, other than a manufactured
158.28 home used for residential purposes for a continuous period of 30 days or more.

153.10 (c) Sale and purchase include the production, fabrication, printing, or processing of
153.11 tangible personal property for a consideration for consumers who furnish either directly or
153.12 indirectly the materials used in the production, fabrication, printing, or processing.

153.13 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
153.14 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

153.15 (1) prepared food sold by the retailer;

153.16 (2) soft drinks;

153.17 (3) candy; and

153.18 (4) dietary supplements.

153.19 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,
153.20 water, or steam for use or consumption within this state.

153.21 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer
153.22 software whether delivered electronically, by load and leave, or otherwise.

153.23 (g) A sale and a purchase includes the furnishing for a consideration of the following
153.24 services:

153.25 (1) the privilege of admission to places of amusement, recreational areas, or athletic
153.26 events, and the making available of amusement devices, tanning facilities, reducing salons,
153.27 steam baths, health clubs, and spas or athletic facilities;

153.28 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,
153.29 or trailer camp, including furnishing the guest of the facility with access to telecommunication
153.30 services, and the granting of any similar license to use real property in a specific facility,
153.31 other than the renting or leasing of it for a continuous period of 30 days or more under an
154.1 enforceable written agreement that may not be terminated without prior notice and including
154.2 accommodations intermediary services provided in connection with other services provided
154.3 under this clause;

154.4 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic
154.5 basis, except for parking at a meter;

154.6 (4) the granting of membership in a club, association, or other organization if:

154.7 (i) the club, association, or other organization makes available for the use of its members
154.8 sports and athletic facilities, without regard to whether a separate charge is assessed for use
154.9 of the facilities; and

154.10 (ii) use of the sports and athletic facility is not made available to the general public on
154.11 the same basis as it is made available to members.

154.12 Granting of membership means both onetime initiation fees and periodic membership dues.
154.13 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash

158.29 (c) Sale and purchase include the production, fabrication, printing, or processing of
158.30 tangible personal property for a consideration for consumers who furnish either directly or
158.31 indirectly the materials used in the production, fabrication, printing, or processing.

159.1 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
159.2 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

159.3 (1) prepared food sold by the retailer;

159.4 (2) soft drinks;

159.5 (3) candy; and

159.6 (4) dietary supplements.

159.7 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,
159.8 water, or steam for use or consumption within this state.

159.9 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer
159.10 software whether delivered electronically, by load and leave, or otherwise.

159.11 (g) A sale and a purchase includes the furnishing for a consideration of the following
159.12 services:

159.13 (1) the privilege of admission to places of amusement, recreational areas, or athletic
159.14 events, and the making available of amusement devices, tanning facilities, reducing salons,
159.15 steam baths, health clubs, and spas or athletic facilities;

159.16 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,
159.17 or trailer camp, including furnishing the guest of the facility with access to telecommunication
159.18 services, and the granting of any similar license to use real property in a specific facility,
159.19 other than the renting or leasing of it for a continuous period of 30 days or more under an
159.20 enforceable written agreement that may not be terminated without prior notice and including
159.21 accommodations intermediary services provided in connection with other services provided
159.22 under this clause;

159.23 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic
159.24 basis, except for parking at a meter;

159.25 (4) the granting of membership in a club, association, or other organization if:

159.26 (i) the club, association, or other organization makes available for the use of its members
159.27 sports and athletic facilities, without regard to whether a separate charge is assessed for use
159.28 of the facilities; and

159.29 (ii) use of the sports and athletic facility is not made available to the general public on
159.30 the same basis as it is made available to members.

160.1 Granting of membership means both onetime initiation fees and periodic membership dues.
160.2 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash

154.14 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming
154.15 pools; and other similar athletic or sports facilities;

154.16 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
154.17 material used in road construction; and delivery of concrete block by a third party if the
154.18 delivery would be subject to the sales tax if provided by the seller of the concrete block.
154.19 For purposes of this clause, "road construction" means construction of:

154.20 (i) public roads;

154.21 (ii) cartways; and

154.22 (iii) private roads in townships located outside of the seven-county metropolitan area
154.23 up to the point of the emergency response location sign; and

154.24 (6) services as provided in this clause:

154.25 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
154.26 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
154.27 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
154.28 include services provided by coin operated facilities operated by the customer;

154.29 (ii) motor vehicle washing, waxing, and cleaning services, including services provided
154.30 by coin operated facilities operated by the customer, and rustproofing, undercoating, and
154.31 towing of motor vehicles;

155.1 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
155.2 control and exterminating services;

155.3 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
155.4 services performed within the jurisdiction they serve by off-duty licensed peace officers as
155.5 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
155.6 or any organization at the direction of a county for monitoring and electronic surveillance
155.7 of persons placed on in-home detention pursuant to court order or under the direction of the
155.8 Minnesota Department of Corrections;

155.9 (v) pet grooming services;

155.10 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
155.11 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant
155.12 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing
155.13 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility
155.14 lines. Services performed under a construction contract for the installation of shrubbery,
155.15 plants, sod, trees, bushes, and similar items are not taxable;

155.16 (vii) massages, except when provided by a licensed health care facility or professional
155.17 or upon written referral from a licensed health care facility or professional for treatment of
155.18 illness, injury, or disease; and

160.3 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming
160.4 pools; and other similar athletic or sports facilities;

160.5 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
160.6 material used in road construction; and delivery of concrete block by a third party if the
160.7 delivery would be subject to the sales tax if provided by the seller of the concrete block.
160.8 For purposes of this clause, "road construction" means construction of:

160.9 (i) public roads;

160.10 (ii) cartways; and

160.11 (iii) private roads in townships located outside of the seven-county metropolitan area
160.12 up to the point of the emergency response location sign; and

160.13 (6) services as provided in this clause:

160.14 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
160.15 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
160.16 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
160.17 include services provided by coin operated facilities operated by the customer;

160.18 (ii) motor vehicle washing, waxing, and cleaning services, including services provided
160.19 by coin operated facilities operated by the customer, and rustproofing, undercoating, and
160.20 towing of motor vehicles;

160.21 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
160.22 control and exterminating services;

160.23 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
160.24 services performed within the jurisdiction they serve by off-duty licensed peace officers as
160.25 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
160.26 or any organization at the direction of a county for monitoring and electronic surveillance
160.27 of persons placed on in-home detention pursuant to court order or under the direction of the
160.28 Minnesota Department of Corrections;

160.29 (v) pet grooming services;

160.30 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
160.31 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant
160.32 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing
161.1 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility
161.2 lines. Services performed under a construction contract for the installation of shrubbery,
161.3 plants, sod, trees, bushes, and similar items are not taxable;

161.4 (vii) massages, except when provided by a licensed health care facility or professional
161.5 or upon written referral from a licensed health care facility or professional for treatment of
161.6 illness, injury, or disease; and

155.19 (viii) the furnishing of lodging, board, and care services for animals in kennels and other
155.20 similar arrangements, but excluding veterinary and horse boarding services.

155.21 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal
155.22 property or taxable services by the United States or any of its agencies or instrumentalities,
155.23 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

155.24 (i) A sale and a purchase includes the furnishing for a consideration of
155.25 telecommunications services, ancillary services associated with telecommunication services,
155.26 and pay television services. Telecommunication services include, but are not limited to, the
155.27 following services, as defined in section 297A.669: air-to-ground radiotelephone service,
155.28 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid
155.29 wireless calling service, and private communication services. The services in this paragraph
155.30 are taxed to the extent allowed under federal law.

155.31 (j) A sale and a purchase includes the furnishing for a consideration of installation if the
155.32 installation charges would be subject to the sales tax if the installation were provided by
155.33 the seller of the item being installed.

156.1 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a
156.2 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor
156.3 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,
156.4 subdivision 11.

156.5 (l) A sale and a purchase includes furnishing for a consideration of specified digital
156.6 products or other digital products or granting the right for a consideration to use specified
156.7 digital products or other digital products on a temporary or permanent basis and regardless
156.8 of whether the purchaser is required to make continued payments for such right. Wherever
156.9 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
156.10 and 38, the provisions also apply to specified digital products, or other digital products,
156.11 unless specifically provided otherwise or the context indicates otherwise.

156.12 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,
156.13 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event
156.14 includes all charges included in the privilege of admission's sales price, without deduction
156.15 for amenities that may be provided, unless the amenities are separately stated and the
156.16 purchaser of the privilege of admission is entitled to add or decline the amenities, and the
156.17 amenities are not otherwise taxable.

156.18 (n) A sale and purchase includes the transfer for consideration of a taxable cannabis
156.19 product as defined in section 295.81, subdivision 1, paragraph (r).

156.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
156.21 30, 2023.

161.7 (viii) the furnishing of lodging, board, and care services for animals in kennels and other
161.8 similar arrangements, but excluding veterinary and horse boarding services.

161.9 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal
161.10 property or taxable services by the United States or any of its agencies or instrumentalities,
161.11 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

161.12 (i) A sale and a purchase includes the furnishing for a consideration of
161.13 telecommunications services, ancillary services associated with telecommunication services,
161.14 and pay television services. Telecommunication services include, but are not limited to, the
161.15 following services, as defined in section 297A.669: air-to-ground radiotelephone service,
161.16 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid
161.17 wireless calling service, and private communication services. The services in this paragraph
161.18 are taxed to the extent allowed under federal law.

161.19 (j) A sale and a purchase includes the furnishing for a consideration of installation if the
161.20 installation charges would be subject to the sales tax if the installation were provided by
161.21 the seller of the item being installed.

161.22 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a
161.23 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor
161.24 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,
161.25 subdivision 11.

161.26 (l) A sale and a purchase includes furnishing for a consideration of specified digital
161.27 products or other digital products or granting the right for a consideration to use specified
161.28 digital products or other digital products on a temporary or permanent basis and regardless
161.29 of whether the purchaser is required to make continued payments for such right. Wherever
161.30 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
161.31 and 38, the provisions also apply to specified digital products, or other digital products,
161.32 unless specifically provided otherwise or the context indicates otherwise.

162.1 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,
162.2 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event
162.3 includes all charges included in the privilege of admission's sales price, without deduction
162.4 for amenities that may be provided, unless the amenities are separately stated and the
162.5 purchaser of the privilege of admission is entitled to add or decline the amenities, and the
162.6 amenities are not otherwise taxable.

162.7 (n) A sale and purchase includes the transfer for consideration of a taxable cannabis
162.8 product as defined in section 295.81, subdivision 1, paragraph (q).

162.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
162.10 30, 2023.

156.22 Sec. 10. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

156.23 Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision, food and food ingredients are exempt. For purposes of this subdivision, "food" and "food ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients exempt under this subdivision do not include candy, soft drinks, dietary supplements, and prepared foods. Food and food ingredients do not include alcoholic beverages ~~and~~, tobacco, taxable cannabis products, medical cannabis flower, and medical cannabinoid products. For purposes of this subdivision, "alcoholic beverages" means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision, "taxable cannabis product" has the meaning given in section 295.81, subdivision 1, paragraph (r), "medical cannabis flower" has the meaning given in section 342.01, subdivision 52, and "medical cannabinoid product" has the meaning given in section 342.01, subdivision 50. For purposes of this subdivision, "dietary

157.4 supplements" means any product, other than tobacco, intended to supplement the diet that:

157.5 (1) contains one or more of the following dietary ingredients:

157.6 (i) a vitamin;

157.7 (ii) a mineral;

157.8 (iii) an herb or other botanical;

157.9 (iv) an amino acid;

157.10 (v) a dietary substance for use by humans to supplement the diet by increasing the total
157.11 dietary intake; and

157.12 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
157.13 described in items (i) to (v);

157.14 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,
157.15 or if not intended for ingestion in such form, is not represented as conventional food and is
157.16 not represented for use as a sole item of a meal or of the diet; and

157.17 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts
157.18 box found on the label and as required pursuant to Code of Federal Regulations, title 21,
157.19 section 101.36.

157.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
157.21 30, 2023.

162.11 Sec. 11. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

162.12 Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision, food and food ingredients are exempt. For purposes of this subdivision, "food" and "food ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients exempt under this subdivision do not include candy, soft drinks, dietary supplements, and prepared foods. Food and food ingredients do not include alcoholic beverages ~~and~~, tobacco, taxable cannabis products, medical cannabis flower, and medical cannabinoid products. For purposes of this subdivision, "alcoholic beverages" means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision, "taxable cannabis product" has the meaning given in section 295.81, subdivision 1, paragraph (q), "medical cannabis flower" has the meaning given in section 342.01, subdivision 53, and "medical cannabinoid product" has the meaning given in section 342.01, subdivision 51. For purposes of this subdivision, "dietary

162.27 supplements" means any product, other than tobacco, intended to supplement the diet that:

162.28 (1) contains one or more of the following dietary ingredients:

162.29 (i) a vitamin;

162.30 (ii) a mineral;

162.31 (iii) an herb or other botanical;

162.32 (iv) an amino acid;

163.1 (v) a dietary substance for use by humans to supplement the diet by increasing the total
163.2 dietary intake; and

163.3 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
163.4 described in items (i) to (v);

163.5 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,
163.6 or if not intended for ingestion in such form, is not represented as conventional food and is
163.7 not represented for use as a sole item of a meal or of the diet; and

163.8 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts
163.9 box found on the label and as required pursuant to Code of Federal Regulations, title 21,
163.10 section 101.36.

163.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
163.12 30, 2023.

157.22 Sec. 11. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

157.23 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices
157.24 for human use are exempt:

157.25 (1) drugs, including over-the-counter drugs;

157.26 (2) single-use finger-pricking devices for the extraction of blood and other single-use
157.27 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

157.28 (3) insulin and medical oxygen for human use, regardless of whether prescribed or sold
157.29 over the counter;

157.30 (4) prosthetic devices;

158.1 (5) durable medical equipment for home use only;

158.2 (6) mobility enhancing equipment;

158.3 (7) prescription corrective eyeglasses; and

158.4 (8) kidney dialysis equipment, including repair and replacement parts.

158.5 (b) Items purchased in transactions covered by:

158.6 (1) Medicare as defined under title XVIII of the Social Security Act, United States Code,
158.7 title 42, section 1395, et seq.; or

158.8 (2) Medicaid as defined under title XIX of the Social Security Act, United States Code,
158.9 title 42, section 1396, et seq.

158.10 (c) For purposes of this subdivision:

158.11 (1) "Drug" means a compound, substance, or preparation, and any component of a
158.12 compound, substance, or preparation, other than food and food ingredients, dietary
158.13 supplements, taxable cannabis products as defined under section 295.81, subdivision 1,
158.14 paragraph (r), or alcoholic beverages that is:

158.15 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
158.16 Pharmacopoeia of the United States, or official National Formulary, and supplement to any
158.17 of them;

158.18 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
158.19 or

158.20 (iii) intended to affect the structure or any function of the body.

158.21 (2) "Durable medical equipment" means equipment, including repair and replacement
158.22 parts, including single-patient use items, but not including mobility enhancing equipment,
158.23 that:

163.13 Sec. 12. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

163.14 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices
163.15 for human use are exempt:

163.16 (1) drugs, including over-the-counter drugs;

163.17 (2) single-use finger-pricking devices for the extraction of blood and other single-use
163.18 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

163.19 (3) insulin and medical oxygen for human use, regardless of whether prescribed or sold
163.20 over the counter;

163.21 (4) prosthetic devices;

163.22 (5) durable medical equipment for home use only;

163.23 (6) mobility enhancing equipment;

163.24 (7) prescription corrective eyeglasses; and

163.25 (8) kidney dialysis equipment, including repair and replacement parts.

163.26 (b) Items purchased in transactions covered by:

163.27 (1) Medicare as defined under title XVIII of the Social Security Act, United States Code,
163.28 title 42, section 1395, et seq.; or

163.29 (2) Medicaid as defined under title XIX of the Social Security Act, United States Code,
163.30 title 42, section 1396, et seq.

164.1 (c) For purposes of this subdivision:

164.2 (1) "Drug" means a compound, substance, or preparation, and any component of a
164.3 compound, substance, or preparation, other than food and food ingredients, dietary
164.4 supplements, taxable cannabis products as defined under section 295.81, subdivision 1,
164.5 paragraph (q), or alcoholic beverages that is:

164.6 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
164.7 Pharmacopoeia of the United States, or official National Formulary, and supplement to any
164.8 of them;

164.9 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
164.10 or

164.11 (iii) intended to affect the structure or any function of the body.

164.12 (2) "Durable medical equipment" means equipment, including repair and replacement
164.13 parts, including single-patient use items, but not including mobility enhancing equipment,
164.14 that:

158.24 (i) can withstand repeated use;
158.25 (ii) is primarily and customarily used to serve a medical purpose;
158.26 (iii) generally is not useful to a person in the absence of illness or injury; and
158.27 (iv) is not worn in or on the body.

158.28 For purposes of this clause, "repair and replacement parts" includes all components or
158.29 attachments used in conjunction with the durable medical equipment, including repair and
158.30 replacement parts which are for single patient use only.

159.1 (3) "Mobility enhancing equipment" means equipment, including repair and replacement
159.2 parts, but not including durable medical equipment, that:
159.3 (i) is primarily and customarily used to provide or increase the ability to move from one
159.4 place to another and that is appropriate for use either in a home or a motor vehicle;
159.5 (ii) is not generally used by persons with normal mobility; and
159.6 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
159.7 provided by a motor vehicle manufacturer.

159.8 (4) "Over-the-counter drug" means a drug that contains a label that identifies the product
159.9 as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label
159.10 must include a "drug facts" panel or a statement of the active ingredients with a list of those
159.11 ingredients contained in the compound, substance, or preparation. Over-the-counter drugs
159.12 do not include grooming and hygiene products, regardless of whether they otherwise meet
159.13 the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo,
159.14 toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

159.15 (5) "Prescribed" and "prescription" means a direction in the form of an order, formula,
159.16 or recipe issued in any form of oral, written, electronic, or other means of transmission by
159.17 a duly licensed health care professional.

159.18 (6) "Prosthetic device" means a replacement, corrective, or supportive device, including
159.19 repair and replacement parts, worn on or in the body to:
159.20 (i) artificially replace a missing portion of the body;
159.21 (ii) prevent or correct physical deformity or malfunction; or
159.22 (iii) support a weak or deformed portion of the body.

159.23 Prosthetic device does not include corrective eyeglasses.

159.24 (7) "Kidney dialysis equipment" means equipment that:
159.25 (i) is used to remove waste products that build up in the blood when the kidneys are not
159.26 able to do so on their own; and

164.15 (i) can withstand repeated use;
164.16 (ii) is primarily and customarily used to serve a medical purpose;
164.17 (iii) generally is not useful to a person in the absence of illness or injury; and
164.18 (iv) is not worn in or on the body.

164.19 For purposes of this clause, "repair and replacement parts" includes all components or
164.20 attachments used in conjunction with the durable medical equipment, including repair and
164.21 replacement parts which are for single patient use only.

164.22 (3) "Mobility enhancing equipment" means equipment, including repair and replacement
164.23 parts, but not including durable medical equipment, that:
164.24 (i) is primarily and customarily used to provide or increase the ability to move from one
164.25 place to another and that is appropriate for use either in a home or a motor vehicle;
164.26 (ii) is not generally used by persons with normal mobility; and
164.27 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
164.28 provided by a motor vehicle manufacturer.

164.29 (4) "Over-the-counter drug" means a drug that contains a label that identifies the product
164.30 as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label
164.31 must include a "drug facts" panel or a statement of the active ingredients with a list of those
165.1 ingredients contained in the compound, substance, or preparation. Over-the-counter drugs
165.2 do not include grooming and hygiene products, regardless of whether they otherwise meet
165.3 the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo,
165.4 toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

165.5 (5) "Prescribed" and "prescription" means a direction in the form of an order, formula,
165.6 or recipe issued in any form of oral, written, electronic, or other means of transmission by
165.7 a duly licensed health care professional.

165.8 (6) "Prosthetic device" means a replacement, corrective, or supportive device, including
165.9 repair and replacement parts, worn on or in the body to:
165.10 (i) artificially replace a missing portion of the body;
165.11 (ii) prevent or correct physical deformity or malfunction; or
165.12 (iii) support a weak or deformed portion of the body.

165.13 Prosthetic device does not include corrective eyeglasses.

165.14 (7) "Kidney dialysis equipment" means equipment that:
165.15 (i) is used to remove waste products that build up in the blood when the kidneys are not
165.16 able to do so on their own; and

159.27 (ii) can withstand repeated use, including multiple use by a single patient, notwithstanding
159.28 the provisions of clause (2).

159.29 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the
159.30 item purchased in the transaction is paid for or reimbursed by the federal government or
159.31 the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance
160.1 company administering the Medicare or Medicaid program on behalf of the federal
160.2 government or the state of Minnesota, or by a managed care organization for the benefit of
160.3 a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional
160.4 Medicare or Medicaid coverage pursuant to agreement with the federal government or the
160.5 state of Minnesota.

160.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
160.7 30, 2023.

160.8 Sec. 12. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

160.9 **Subd. 2. Sales to government.** (a) All sales, except those listed in paragraph (b), to the
160.10 following governments and political subdivisions, or to the listed agencies or instrumentalities
160.11 of governments and political subdivisions, are exempt:

160.12 (1) the United States and its agencies and instrumentalities;

160.13 (2) school districts, local governments, the University of Minnesota, state universities,
160.14 community colleges, technical colleges, state academies, the Perpich Minnesota Center for
160.15 Arts Education, and an instrumentality of a political subdivision that is accredited as an
160.16 optional/special function school by the North Central Association of Colleges and Schools;

160.17 (3) hospitals and nursing homes owned and operated by political subdivisions of the
160.18 state of tangible personal property and taxable services used at or by hospitals and nursing
160.19 homes;

160.20 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council
160.21 of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt
160.22 through December 31, 2016;

160.23 (5) other states or political subdivisions of other states, if the sale would be exempt from
160.24 taxation if it occurred in that state; and

160.25 (6) public libraries, public library systems, multicounty, multitype library systems as
160.26 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,
160.27 the state library under section 480.09, and the Legislative Reference Library.

160.28 (b) This exemption does not apply to the sales of the following products and services:

160.29 (1) building, construction, or reconstruction materials purchased by a contractor or a
160.30 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed

165.17 (ii) can withstand repeated use, including multiple use by a single patient, notwithstanding
165.18 the provisions of clause (2).

165.19 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the
165.20 item purchased in the transaction is paid for or reimbursed by the federal government or
165.21 the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance
165.22 company administering the Medicare or Medicaid program on behalf of the federal
165.23 government or the state of Minnesota, or by a managed care organization for the benefit of
165.24 a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional
165.25 Medicare or Medicaid coverage pursuant to agreement with the federal government or the
165.26 state of Minnesota.

165.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
165.28 30, 2023.

166.1 Sec. 13. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

166.2 **Subd. 2. Sales to government.** (a) All sales, except those listed in paragraph (b), to the
166.3 following governments and political subdivisions, or to the listed agencies or instrumentalities
166.4 of governments and political subdivisions, are exempt:

166.5 (1) the United States and its agencies and instrumentalities;

166.6 (2) school districts, local governments, the University of Minnesota, state universities,
166.7 community colleges, technical colleges, state academies, the Perpich Minnesota Center for
166.8 Arts Education, and an instrumentality of a political subdivision that is accredited as an
166.9 optional/special function school by the North Central Association of Colleges and Schools;

166.10 (3) hospitals and nursing homes owned and operated by political subdivisions of the
166.11 state of tangible personal property and taxable services used at or by hospitals and nursing
166.12 homes;

166.13 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council
166.14 of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt
166.15 through December 31, 2016;

166.16 (5) other states or political subdivisions of other states, if the sale would be exempt from
166.17 taxation if it occurred in that state; and

166.18 (6) public libraries, public library systems, multicounty, multitype library systems as
166.19 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,
166.20 the state library under section 480.09, and the Legislative Reference Library.

166.21 (b) This exemption does not apply to the sales of the following products and services:

166.22 (1) building, construction, or reconstruction materials purchased by a contractor or a
166.23 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed

160.31 maximum price covering both labor and materials for use in the construction, alteration, or
160.32 repair of a building or facility;

161.1 (2) construction materials purchased by tax exempt entities or their contractors to be
161.2 used in constructing buildings or facilities which will not be used principally by the tax
161.3 exempt entities;

161.4 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
161.5 for leases entered into by the United States or its agencies or instrumentalities;

161.6 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
161.7 ~~and~~ prepared food, candy, soft drinks, ~~and~~ alcoholic beverages as defined in section 297A.67,
161.8 subdivision 2, ~~and~~ taxable cannabis products as defined under section 295.81, subdivision
161.9 1, paragraph (f), except for lodging, prepared food, candy, soft drinks, ~~and~~ alcoholic
161.10 beverages, ~~and~~ taxable cannabis products purchased directly by the United States or its
161.11 agencies or instrumentalities; or

161.12 (5) goods or services purchased by a local government as inputs to a liquor store, gas
161.13 or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf
161.14 course, marina, campground, cafe, or laundromat.

161.15 (c) As used in this subdivision, "school districts" means public school entities and districts
161.16 of every kind and nature organized under the laws of the state of Minnesota, and any
161.17 instrumentality of a school district, as defined in section 471.59.

161.18 (d) For purposes of the exemption granted under this subdivision, "local governments"
161.19 has the following meaning:

161.20 (1) for the period prior to January 1, 2017, local governments means statutory or home
161.21 rule charter cities, counties, and townships; and

161.22 (2) beginning January 1, 2017, local governments means statutory or home rule charter
161.23 cities, counties, and townships; special districts as defined under section 6.465; any
161.24 instrumentality of a statutory or home rule charter city, county, or township as defined in
161.25 section 471.59; and any joint powers board or organization created under section 471.59.

161.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
161.27 30, 2023.

161.28 Sec. 13. Minnesota Statutes 2022, section 297A.70, subdivision 4, is amended to read:

161.29 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
161.30 to the following "nonprofit organizations" are exempt:

162.1 (1) a corporation, society, association, foundation, or institution organized and operated
162.2 exclusively for charitable, religious, or educational purposes if the item purchased is used
162.3 in the performance of charitable, religious, or educational functions;

162.4 (2) any senior citizen group or association of groups that:

166.24 maximum price covering both labor and materials for use in the construction, alteration, or
166.25 repair of a building or facility;

166.26 (2) construction materials purchased by tax exempt entities or their contractors to be
166.27 used in constructing buildings or facilities which will not be used principally by the tax
166.28 exempt entities;

166.29 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
166.30 for leases entered into by the United States or its agencies or instrumentalities;

166.31 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
166.32 ~~and~~ prepared food, candy, soft drinks, ~~and~~ alcoholic beverages as defined in section 297A.67,
167.1 subdivision 2, ~~and~~ taxable cannabis products as defined under section 295.81, subdivision
167.2 1, paragraph (q), except for lodging, prepared food, candy, soft drinks, ~~and~~ alcoholic
167.3 beverages, ~~and~~ taxable cannabis products purchased directly by the United States or its
167.4 agencies or instrumentalities; or

167.5 (5) goods or services purchased by a local government as inputs to a liquor store, gas
167.6 or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf
167.7 course, marina, campground, cafe, or laundromat.

167.8 (c) As used in this subdivision, "school districts" means public school entities and districts
167.9 of every kind and nature organized under the laws of the state of Minnesota, and any
167.10 instrumentality of a school district, as defined in section 471.59.

167.11 (d) For purposes of the exemption granted under this subdivision, "local governments"
167.12 has the following meaning:

167.13 (1) for the period prior to January 1, 2017, local governments means statutory or home
167.14 rule charter cities, counties, and townships; and

167.15 (2) beginning January 1, 2017, local governments means statutory or home rule charter
167.16 cities, counties, and townships; special districts as defined under section 6.465; any
167.17 instrumentality of a statutory or home rule charter city, county, or township as defined in
167.18 section 471.59; and any joint powers board or organization created under section 471.59.

167.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
167.20 30, 2023.

167.21 Sec. 14. Minnesota Statutes 2022, section 297A.70, subdivision 4, is amended to read:

167.22 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
167.23 to the following "nonprofit organizations" are exempt:

167.24 (1) a corporation, society, association, foundation, or institution organized and operated
167.25 exclusively for charitable, religious, or educational purposes if the item purchased is used
167.26 in the performance of charitable, religious, or educational functions;

167.27 (2) any senior citizen group or association of groups that:

162.5 (i) in general limits membership to persons who are either age 55 or older, or persons
162.6 with a physical disability;

162.7 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
162.8 purposes, not including housing, no part of the net earnings of which inures to the benefit
162.9 of any private shareholders; and

162.10 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

162.11 (3) an organization that qualifies for an exemption for memberships under subdivision
162.12 12 if the item is purchased and used in the performance of the organization's mission.

162.13 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
162.14 owned by a religious organization.

162.15 (b) This exemption does not apply to the following sales:

162.16 (1) building, construction, or reconstruction materials purchased by a contractor or a
162.17 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
162.18 maximum price covering both labor and materials for use in the construction, alteration, or
162.19 repair of a building or facility;

162.20 (2) construction materials purchased by tax-exempt entities or their contractors to be
162.21 used in constructing buildings or facilities that will not be used principally by the tax-exempt
162.22 entities;

162.23 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
162.24 ~~and~~ prepared food, candy, soft drinks, taxable cannabis products as defined under section
162.25 295.81, subdivision 1, paragraph (r), and alcoholic beverages as defined in section 297A.67,
162.26 subdivision 2, except wine purchased by an established religious organization for sacramental
162.27 purposes or as allowed under subdivision 9a; and

162.28 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
162.29 provided in paragraph (c).

162.30 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
162.31 subdivision 11, only if the vehicle is:

163.1 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
163.2 passenger automobile, as defined in section 168.002, if the automobile is designed and used
163.3 for carrying more than nine persons including the driver; and

163.4 (2) intended to be used primarily to transport tangible personal property or individuals,
163.5 other than employees, to whom the organization provides service in performing its charitable,
163.6 religious, or educational purpose.

163.7 (d) A limited liability company also qualifies for exemption under this subdivision if
163.8 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
163.9 purchased qualify for the exemption.

167.28 (i) in general limits membership to persons who are either age 55 or older, or persons
167.29 with a physical disability;

167.30 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
167.31 purposes, not including housing, no part of the net earnings of which inures to the benefit
167.32 of any private shareholders; and

168.1 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

168.2 (3) an organization that qualifies for an exemption for memberships under subdivision
168.3 12 if the item is purchased and used in the performance of the organization's mission.

168.4 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
168.5 owned by a religious organization.

168.6 (b) This exemption does not apply to the following sales:

168.7 (1) building, construction, or reconstruction materials purchased by a contractor or a
168.8 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
168.9 maximum price covering both labor and materials for use in the construction, alteration, or
168.10 repair of a building or facility;

168.11 (2) construction materials purchased by tax-exempt entities or their contractors to be
168.12 used in constructing buildings or facilities that will not be used principally by the tax-exempt
168.13 entities;

168.14 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
168.15 ~~and~~ prepared food, candy, soft drinks, taxable cannabis product as defined under section
168.16 295.81, subdivision 1, paragraph (q), and alcoholic beverages as defined in section 297A.67,
168.17 subdivision 2, except wine purchased by an established religious organization for sacramental
168.18 purposes or as allowed under subdivision 9a; and

168.19 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
168.20 provided in paragraph (c).

168.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
168.22 subdivision 11, only if the vehicle is:

168.23 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
168.24 passenger automobile, as defined in section 168.002, if the automobile is designed and used
168.25 for carrying more than nine persons including the driver; and

168.26 (2) intended to be used primarily to transport tangible personal property or individuals,
168.27 other than employees, to whom the organization provides service in performing its charitable,
168.28 religious, or educational purpose.

168.29 (d) A limited liability company also qualifies for exemption under this subdivision if
168.30 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
168.31 purchased qualify for the exemption.

163.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
163.11 30, 2023.

163.12 Sec. 14. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

163.13 **Subd. 18. Nursing homes and boarding care homes.** (a) All sales, except those listed
163.14 in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home
163.15 certified as a nursing facility under title 19 of the Social Security Act are exempt if the
163.16 facility:

163.17 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal
163.18 Revenue Code; and

163.19 (2) is certified to participate in the medical assistance program under title 19 of the Social
163.20 Security Act, or certifies to the commissioner that it does not discharge residents due to the
163.21 inability to pay.

163.22 (b) This exemption does not apply to the following sales:

163.23 (1) building, construction, or reconstruction materials purchased by a contractor or a
163.24 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
163.25 maximum price covering both labor and materials for use in the construction, alteration, or
163.26 repair of a building or facility;

163.27 (2) construction materials purchased by tax-exempt entities or their contractors to be
163.28 used in constructing buildings or facilities that will not be used principally by the tax-exempt
163.29 entities;

163.30 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
163.31 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
164.1 subdivision 2, and taxable cannabis products as defined under section 295.81, subdivision
164.2 1, paragraph (r); and

164.3 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
164.4 provided in paragraph (c).

164.5 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
164.6 subdivision 11, only if the vehicle is:

164.7 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
164.8 passenger automobile, as defined in section 168.002, if the automobile is designed and used
164.9 for carrying more than nine persons including the driver; and

164.10 (2) intended to be used primarily to transport tangible personal property or residents of
164.11 the nursing home or boarding care home.

164.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
164.13 30, 2023.

169.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
169.2 30, 2023.

169.3 Sec. 15. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

169.4 **Subd. 18. Nursing homes and boarding care homes.** (a) All sales, except those listed
169.5 in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home
169.6 certified as a nursing facility under title 19 of the Social Security Act are exempt if the
169.7 facility:

169.8 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal
169.9 Revenue Code; and

169.10 (2) is certified to participate in the medical assistance program under title 19 of the Social
169.11 Security Act, or certifies to the commissioner that it does not discharge residents due to the
169.12 inability to pay.

169.13 (b) This exemption does not apply to the following sales:

169.14 (1) building, construction, or reconstruction materials purchased by a contractor or a
169.15 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
169.16 maximum price covering both labor and materials for use in the construction, alteration, or
169.17 repair of a building or facility;

169.18 (2) construction materials purchased by tax-exempt entities or their contractors to be
169.19 used in constructing buildings or facilities that will not be used principally by the tax-exempt
169.20 entities;

169.21 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
169.22 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
169.23 subdivision 2, and taxable cannabis products as defined under section 295.81, subdivision
169.24 1, paragraph (q); and

169.25 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
169.26 provided in paragraph (c).

169.27 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
169.28 subdivision 11, only if the vehicle is:

169.29 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
169.30 passenger automobile, as defined in section 168.002, if the automobile is designed and used
169.31 for carrying more than nine persons including the driver; and

170.1 (2) intended to be used primarily to transport tangible personal property or residents of
170.2 the nursing home or boarding care home.

170.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
170.4 30, 2023.

164.14 Sec. 15. Minnesota Statutes 2022, section 297A.85, is amended to read:

297A.85 CANCELLATION OF PERMITS.

164.16 The commissioner may cancel a permit if one of the following conditions occurs:

164.17 (1) the permit holder has not filed a sales or use tax return for at least one year;

164.18 (2) the permit holder has not reported any sales or use tax liability on the permit holder's
164.19 returns for at least two years;

164.20 (3) the permit holder requests cancellation of the permit;

164.21 (4) the permit is subject to cancellation under section 270C.722, subdivision 2, paragraph
164.22 (a); ~~or~~

164.23 (5) the permit is subject to cancellation under section 297A.84; or

164.24 (6) the permit holder is a taxable cannabis product retailer as defined in section 295.81,
164.25 subdivision 1, paragraph (s), other than a lower-potency hemp edible retailer as licensed
164.26 under section 342.43, subdivision 1, and its license to sell a taxable cannabis product as
164.27 defined in section 295.81, subdivision 1, paragraph (f), has been revoked by the Office of
164.28 Cannabis Management.

164.29 **EFFECTIVE DATE.** This section is effective June 30, 2023.

165.1 Sec. 16. Minnesota Statutes 2022, section 297D.01, is amended to read:

297D.01 DEFINITIONS.

165.3 Subdivision 1. **Marijuana** Illegal cannabis. "Marijuana" "Illegal cannabis" means any
165.4 ~~marijuana~~ taxable cannabis product as defined in section 295.81, subdivision 1, paragraph
165.5 (f), whether real or counterfeit, ~~as defined in section 152.01, subdivision 9~~; that is held,
165.6 possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342
165.7 or Minnesota criminal laws.

165.8 Subd. 2. **Controlled substance**. "Controlled substance" means any drug or substance,
165.9 whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed,
165.10 transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled
165.11 substance" does not include ~~marijuana~~ illegal cannabis.

165.12 Subd. 3. **Tax obligor or obligor**. "Tax obligor" or "obligor" means a person who in
165.13 violation of Minnesota law manufactures, produces, ships, transports, or imports into
165.14 Minnesota or in any manner acquires or possesses more than 42-1/2 grams of ~~marijuana~~
165.15 illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage
165.16 units of any controlled substance which is not sold by weight. A quantity of ~~marijuana~~ illegal
165.17 cannabis or other controlled substance is measured by the weight of the substance whether
165.18 pure or impure or dilute, or by dosage units when the substance is not sold by weight, in

170.5 Sec. 16. Minnesota Statutes 2022, section 297A.85, is amended to read:

297A.85 CANCELLATION OF PERMITS.

170.7 The commissioner may cancel a permit if one of the following conditions occurs:

170.8 (1) the permit holder has not filed a sales or use tax return for at least one year;

170.9 (2) the permit holder has not reported any sales or use tax liability on the permit holder's
170.10 returns for at least two years;

170.11 (3) the permit holder requests cancellation of the permit;

170.12 (4) the permit is subject to cancellation under section 270C.722, subdivision 2, paragraph
170.13 (a); ~~or~~

170.14 (5) the permit is subject to cancellation under section 297A.84; or

170.15 (6) the permit holder is a taxable cannabis product retailer as defined in section 295.81,
170.16 subdivision 1, paragraph (f), other than a lower-potency hemp edible retailer as licensed
170.17 under section 342.43, subdivision 1, and its license to sell a taxable cannabis product as
170.18 defined in section 295.81, subdivision 1, paragraph (g), has been revoked by the Office of
170.19 Cannabis Management.

170.20 **EFFECTIVE DATE.** This section is effective June 30, 2023.

170.21 Sec. 17. Minnesota Statutes 2022, section 297D.01, is amended to read:

297D.01 DEFINITIONS.

170.23 Subdivision 1. **Marijuana** Illegal cannabis. "Marijuana" "Illegal cannabis" means any
170.24 ~~marijuana~~ taxable cannabis product as defined in section 295.81, subdivision 1, paragraph
170.25 (g), whether real or counterfeit, ~~as defined in section 152.01, subdivision 9~~; that is held,
170.26 possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342
170.27 or Minnesota criminal laws.

170.28 Subd. 2. **Controlled substance**. "Controlled substance" means any drug or substance,
170.29 whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed,
171.1 transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled
171.2 substance" does not include ~~marijuana~~ illegal cannabis.

171.3 Subd. 3. **Tax obligor or obligor**. "Tax obligor" or "obligor" means a person who in
171.4 violation of Minnesota law manufactures, produces, ships, transports, or imports into
171.5 Minnesota or in any manner acquires or possesses more than 42-1/2 grams of ~~marijuana~~
171.6 illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage
171.7 units of any controlled substance which is not sold by weight. A quantity of ~~marijuana~~ illegal
171.8 cannabis or other controlled substance is measured by the weight of the substance whether
171.9 pure or impure or dilute, or by dosage units when the substance is not sold by weight, in

165.19 the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a
165.20 detectable quantity of pure controlled substance and any excipients or fillers.

165.21 **Subd. 4. Commissioner.** "Commissioner" means the commissioner of revenue.

165.22 **EFFECTIVE DATE.** This section is effective June 30, 2023.

165.23 Sec. 17. Minnesota Statutes 2022, section 297D.04, is amended to read:

165.24 **297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.**

165.25 No tax obligor may possess any ~~marijuana illegal cannabis~~ or controlled substance upon
165.26 which a tax is imposed by section 297D.08 unless the tax has been paid on the ~~marijuana~~
165.27 ~~illegal cannabis~~ or ~~other~~ a controlled substance as evidenced by a stamp or other official
165.28 indicia.

165.29 **EFFECTIVE DATE.** This section is effective June 30, 2023.

166.1 Sec. 18. Minnesota Statutes 2022, section 297D.06, is amended to read:

166.2 **297D.06 PHARMACEUTICALS.**

166.3 Nothing in this chapter requires persons registered under chapter 151 or otherwise
166.4 lawfully in possession of ~~marijuana illegal cannabis~~ or a controlled substance to pay the tax
166.5 required under this chapter.

166.6 **EFFECTIVE DATE.** This section is effective June 30, 2023.

166.7 Sec. 19. Minnesota Statutes 2022, section 297D.07, is amended to read:

166.8 **297D.07 MEASUREMENT.**

166.9 For the purpose of calculating the tax under section 297D.08, a quantity of ~~marijuana~~
166.10 ~~illegal cannabis~~ or ~~other~~ a controlled substance is measured by the weight of the substance
166.11 whether pure or impure or dilute, or by dosage units when the substance is not sold by
166.12 weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it
166.13 consists of a detectable quantity of pure controlled substance and any excipients or fillers.

166.14 **EFFECTIVE DATE.** This section is effective June 30, 2023.

166.15 Sec. 20. Minnesota Statutes 2022, section 297D.08, is amended to read:

166.16 **297D.08 TAX RATE.**

166.17 A tax is imposed on ~~marijuana illegal cannabis~~ and controlled substances as defined in
166.18 section 297D.01 at the following rates:

166.19 (1) on each gram of ~~marijuana illegal cannabis~~, or each portion of a gram, \$3.50; and
166.20 (2) on each gram of controlled substance, or portion of a gram, \$200; or

171.10 the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a
171.11 detectable quantity of pure controlled substance and any excipients or fillers.

171.12 **Subd. 4. Commissioner.** "Commissioner" means the commissioner of revenue.

171.13 **EFFECTIVE DATE.** This section is effective June 30, 2023.

171.14 Sec. 18. Minnesota Statutes 2022, section 297D.04, is amended to read:

171.15 **297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.**

171.16 No tax obligor may possess any ~~marijuana illegal cannabis~~ or controlled substance upon
171.17 which a tax is imposed by section 297D.08 unless the tax has been paid on the ~~marijuana~~
171.18 ~~illegal cannabis~~ or ~~other~~ a controlled substance as evidenced by a stamp or other official
171.19 indicia.

171.20 **EFFECTIVE DATE.** This section is effective June 30, 2023.

171.21 Sec. 19. Minnesota Statutes 2022, section 297D.06, is amended to read:

171.22 **297D.06 PHARMACEUTICALS.**

171.23 Nothing in this chapter requires persons registered under chapter 151 or otherwise
171.24 lawfully in possession of ~~marijuana illegal cannabis~~ or a controlled substance to pay the tax
171.25 required under this chapter.

171.26 **EFFECTIVE DATE.** This section is effective June 30, 2023.

171.27 Sec. 20. Minnesota Statutes 2022, section 297D.07, is amended to read:

171.28 **297D.07 MEASUREMENT.**

171.29 For the purpose of calculating the tax under section 297D.08, a quantity of ~~marijuana~~
171.30 ~~illegal cannabis~~ or ~~other~~ a controlled substance is measured by the weight of the substance
172.1 whether pure or impure or dilute, or by dosage units when the substance is not sold by
172.2 weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it
172.3 consists of a detectable quantity of pure controlled substance and any excipients or fillers.

172.4 **EFFECTIVE DATE.** This section is effective June 30, 2023.

172.5 Sec. 21. Minnesota Statutes 2022, section 297D.08, is amended to read:

172.6 **297D.08 TAX RATE.**

172.7 A tax is imposed on ~~marijuana illegal cannabis~~ and controlled substances as defined in
172.8 section 297D.01 at the following rates:

172.9 (1) on each gram of ~~marijuana illegal cannabis~~, or each portion of a gram, \$3.50; and
172.10 (2) on each gram of controlled substance, or portion of a gram, \$200; or

166.21 (3) on each ten dosage units of a controlled substance that is not sold by weight, or
166.22 portion thereof, \$400.

166.23 **EFFECTIVE DATE.** This section is effective June 30, 2023.

166.24 Sec. 21. Minnesota Statutes 2022, section 297D.085, is amended to read:

166.25 **297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.**

166.26 If another state or local unit of government has previously assessed an excise tax on the
166.27 ~~marijuana~~ ~~illegal cannabis~~ or controlled substances, the taxpayer must pay the difference
166.28 between the tax due under section 297D.08 and the tax previously paid. If the tax previously
166.29 paid to the other state or local unit of government was equal to or greater than the tax due
167.1 under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
167.2 tax on the ~~marijuana~~ ~~illegal cannabis~~ or controlled substances has been paid to another state
167.3 or local unit of government.

167.4 **EFFECTIVE DATE.** This section is effective June 30, 2023.

167.5 Sec. 22. Minnesota Statutes 2022, section 297D.09, subdivision 1a, is amended to read:

167.6 Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty
167.7 imposed, a tax obligor distributing or possessing ~~marijuana~~ ~~illegal cannabis~~ or controlled
167.8 substances without affixing the appropriate stamps, labels, or other indicia is guilty of a
167.9 crime and, upon conviction, may be sentenced to imprisonment for not more than seven
167.10 years or to payment of a fine of not more than \$14,000, or both.

167.11 **EFFECTIVE DATE.** This section is effective June 30, 2023.

167.12 Sec. 23. Minnesota Statutes 2022, section 297D.10, is amended to read:

167.13 **297D.10 STAMP PRICE.**

167.14 Official stamps, labels, or other indicia to be affixed to all ~~marijuana~~ ~~illegal cannabis~~ or
167.15 controlled substances shall be purchased from the commissioner. The purchaser shall pay
167.16 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

167.17 **EFFECTIVE DATE.** This section is effective June 30, 2023.

167.18 Sec. 24. Minnesota Statutes 2022, section 297D.11, is amended to read:

167.19 **297D.11 PAYMENT DUE.**

167.20 Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or
167.21 imports into this state ~~marijuana~~ ~~illegal cannabis~~ or controlled substances on which a tax is
167.22 imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not
167.23 already been affixed, the tax obligor shall have them permanently affixed on the ~~marijuana~~
167.24 ~~illegal cannabis~~ or controlled substance immediately after receiving the substance. Each
167.25 stamp or other official indicia may be used only once.

172.11 (3) on each ten dosage units of a controlled substance that is not sold by weight, or
172.12 portion thereof, \$400.

172.13 **EFFECTIVE DATE.** This section is effective June 30, 2023.

172.14 Sec. 22. Minnesota Statutes 2022, section 297D.085, is amended to read:

172.15 **297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.**

172.16 If another state or local unit of government has previously assessed an excise tax on the
172.17 ~~marijuana~~ ~~illegal cannabis~~ or controlled substances, the taxpayer must pay the difference
172.18 between the tax due under section 297D.08 and the tax previously paid. If the tax previously
172.19 paid to the other state or local unit of government was equal to or greater than the tax due
172.20 under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
172.21 tax on the ~~marijuana~~ ~~illegal cannabis~~ or controlled substances has been paid to another state
172.22 or local unit of government.

172.23 **EFFECTIVE DATE.** This section is effective June 30, 2023.

172.24 Sec. 23. Minnesota Statutes 2022, section 297D.09, subdivision 1a, is amended to read:

172.25 Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty
172.26 imposed, a tax obligor distributing or possessing ~~marijuana~~ ~~illegal cannabis~~ or controlled
172.27 substances without affixing the appropriate stamps, labels, or other indicia is guilty of a
172.28 crime and, upon conviction, may be sentenced to imprisonment for not more than seven
172.29 years or to payment of a fine of not more than \$14,000, or both.

172.30 **EFFECTIVE DATE.** This section is effective June 30, 2023.

173.1 Sec. 24. Minnesota Statutes 2022, section 297D.10, is amended to read:

173.2 **297D.10 STAMP PRICE.**

173.3 Official stamps, labels, or other indicia to be affixed to all ~~marijuana~~ ~~illegal cannabis~~ or
173.4 controlled substances shall be purchased from the commissioner. The purchaser shall pay
173.5 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

173.6 **EFFECTIVE DATE.** This section is effective June 30, 2023.

173.7 Sec. 25. Minnesota Statutes 2022, section 297D.11, is amended to read:

173.8 **297D.11 PAYMENT DUE.**

173.9 Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or
173.10 imports into this state ~~marijuana~~ ~~illegal cannabis~~ or controlled substances on which a tax is
173.11 imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not
173.12 already been affixed, the tax obligor shall have them permanently affixed on the ~~marijuana~~
173.13 ~~illegal cannabis~~ or controlled substance immediately after receiving the substance. Each
173.14 stamp or other official indicia may be used only once.

167.26 Subd. 2. **Payable on possession.** Taxes imposed upon ~~marijuana~~ illegal cannabis or
167.27 controlled substances by this chapter are due and payable immediately upon acquisition or
167.28 possession in this state by a tax obligor.

167.29 **EFFECTIVE DATE.** This section is effective June 30, 2023.

173.15 Subd. 2. **Payable on possession.** Taxes imposed upon ~~marijuana~~ illegal cannabis or
173.16 controlled substances by this chapter are due and payable immediately upon acquisition or
173.17 possession in this state by a tax obligor.

173.18 **EFFECTIVE DATE.** This section is effective June 30, 2023.

173.19 Sec. 26. **[477A.31] LOCAL GOVERNMENT CANNABIS AID.**

173.20 **Subdivision 1. Certification to commissioner of revenue.** (a) By July 15, 2024, and
173.21 annually thereafter, the commissioner of management and budget must certify to the
173.22 commissioner of revenue the balance of the local government cannabis aid account in the
173.23 special revenue fund at the close of the previous fiscal year.

173.24 **(b) By June 1, 2024, and annually thereafter, the director of the office of cannabis**
173.25 **management under section 342.02 must certify to the commissioner of revenue the number**
173.26 **of cannabis businesses, as defined under section 342.01, subdivision 13, licensed under**
173.27 **chapter 342 as of the previous January 1, disaggregated by county and city.**

173.28 **Subd. 2. Aid to counties.** (a) Beginning for aid payable in 2024, the amount available
173.29 **for aid to counties under this subdivision equals 50 percent of the amount certified in that**
173.30 **year to the commissioner under subdivision 1, paragraph (a).**

174.1 **(b) Twenty percent of the amount under paragraph (a) must be distributed equally among**
174.2 **all counties.**

174.3 **(c) Eighty percent of the amount under paragraph (a) must be distributed proportionally**
174.4 **to each county according to the number of cannabis businesses located in the county as**
174.5 **compared to the number of cannabis businesses in all counties as of the most recent**
174.6 **certification under subdivision 1, paragraph (b).**

174.7 **Subd. 3. Aid to cities.** (a) Beginning for aid payable in 2024, the amount available for
174.8 **aid to cities under this subdivision equals 50 percent of the amount certified in that year to**
174.9 **the commissioner under subdivision 1, paragraph (a).**

174.10 **(b) The amount under paragraph (a) must be distributed proportionally to each city**
174.11 **according to the number of cannabis businesses located in the city as compared to the number**
174.12 **of cannabis businesses in all cities as of the most recent certification under subdivision 1,**
174.13 **paragraph (b).**

174.14 **Subd. 4. Payment.** The commissioner of revenue must compute the amount of aid
174.15 **payable to each county and city under this section. On or before August 1 of each year, the**
174.16 **commissioner must certify the amount to be paid to each county and city in that year. The**
174.17 **commissioner must pay the full amount of the aid on December 26 annually.**

174.18 **Subd. 5. Appropriation.** Beginning in fiscal year 2025 and annually thereafter, the
174.19 **amount in the local government cannabis aid account in the special revenue fund is annually**

174.20 appropriated to the commissioner of revenue to make the aid payments required under this
174.21 section.

174.22 **EFFECTIVE DATE.** This section is effective July 1, 2023.