ARTICLE 2

TAXES

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

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

Subd. 3.

This section is effective June 30, 2023.

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

Sec. 2. Minnesota Statutes 2022, section 270B.12, is amended by adding a subdivision then due, the commissioner shall notify the Office of Cannabis Management.

Posting; notice.

The commissioner may disclose return information to the Office of Cannabis Management for the purpose of and to the extent necessary to administer section 270C.726.

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

At least ten days before notifying the Office of Cannabis Management, the commissioner shall notify the taxpayer of the intended action.

Beginning the third business day after the list is posted, no cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis wholesaler, or industrial hemp grower as defined in chapter 342 who violates subdivision 2 of this section is subject to the penalties provided in sections 342.19 and 342.21.

EFFECTIVE DATE. This section is effective June 30, 2023.
Sec. 3. Minnesota Statutes 2022, section 273.13, subdivision 24, is amended to read:

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

(1) Except as otherwise provided, each parcel of commercial, industrial, or utility real property has a classification rate of 1.5 percent of the first tier of market value, and 2.0 percent of the remaining market value. In the case of contiguous parcels of property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced classification rate, except that contiguous parcels owned by the same person or entity shall be eligible for the first-tier value classification rate on each separate business operated by the owner of the property, provided the business is housed in a separate structure. For the purposes of this subdivision, the first tier means the first $50,000 of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the classification rate for the higher tier.

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

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

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

(4) Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale has a classification rate as provided under clause (1) for the first tier of market value and the remaining market value. As used in this paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 18, "cannabis flower" has the meaning given in section 342.01, subdivision 15, and "cannabis product" has the meaning given in section 342.01, subdivision 12.

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

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

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

(4) Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale has a classification rate as provided under clause (1) for the first tier of market value and the remaining market value. As used in this paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 18, "cannabis flower" has the meaning given in section 342.01, subdivision 15, and "cannabis product" has the meaning given in section 342.01, subdivision 12.
EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 275.025, subdivision 2, is amended to read:

Subd. 2. Commercial-industrial tax capacity. For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, excluding:

(1) the tax capacity attributable to the first $150,000 of market value of each parcel of commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1) and (2); and

(2) electric generation attached machinery under class 3; and

(3) property described in section 473.625.

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

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

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

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

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

May 01, 2023 03:42 PM

Senate Language UEH0100-2

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House Language H0100-11
Nothing in this subdivision relieves a cannabis business from timely filing and paying taxes.

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

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

Subd. 29. Disallowed section 280E expenses; medical cannabis manufacturers licenses. The amount of expenses of a medical cannabis manufacturer business, as defined under section 152.22, subdivision 2, 342.47, subdivision 51, related to the business of medical cannabis under sections 452.31 to 452.37, 342.47 to 342.60, or a license holder under chapter 342, related to the business of nonmedical cannabis under that chapter, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

This section is effective for taxable years beginning after December 31, 2022.

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

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

Subd. 19. Disallowed section 280E expenses; medical cannabis manufacturers licenses. The amount of expenses of a medical cannabis manufacturer business, as defined under section 152.22, subdivision 2, 342.47, subdivision 51, related to the business of medical cannabis under sections 452.31 to 452.37, 342.47 to 342.60, or a license holder under chapter 342, related to the business of nonmedical cannabis under that chapter, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

This section is effective for taxable years beginning after December 31, 2022.

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

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

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

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

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

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

(e) "Cannabis solution product" means any cartridge, bottle, or other package that contains a taxable cannabis product in a solution that is consumed or meant to be consumed through the use of a heating element, power source, electronic circuit, or other electronic, mechanical, or mechanical means that produces vapor or aerosol. A cannabis solution product includes any electronic delivery system, electronic vaping device, electronic vape pen, electronic oral device, electronic delivery device, or similar product or device, and any batteries.
heating elements, or other components, parts, or accessories sold with and meant to be used in the consumption of a solution containing a taxable cannabis product.

(f) "Cannabis mezzobusiness" means a cannabis business licensed under section 342.32.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) "Cannabis mezzobusiness" means a cannabis business licensed under section 342.33.

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

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

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

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

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

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

(k) "Hemp-derived consumer product" has the meaning given in section 342.01, subdivision 55.

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

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

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

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

(p) "Medical cannabis paraphernalia" has the meaning given in section 342.01, subdivision 58.

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

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

(s) "Taxable cannabis product retailer" means a retailer that sells any taxable cannabis product and includes a cannabis retailer, cannabis microbusiness, cannabis mezzobusiness, and lower-potency hemp edible retailer. Taxable cannabis product retailer includes but is not limited to:
1. Retailer maintaining a place of business in this state;
2. Marketplace provider maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (a);
3. Retailer not maintaining a place of business in this state; and
4. Marketplace provider not maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (b).

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

Subd. 3. Tax rate adjustment.
(a) Beginning in March 2027, in each odd-numbered year, the commissioner of management and budget shall use the February forecast of general fund revenues and expenditures reflecting the most recently completed fiscal year to determine that the conditions in paragraph (b) are met.
(b) Revenues raised by the tax imposed under this section combined with the tax imposed under chapter 297A on taxable cannabis products exceed the projected expenditures related to the ongoing regulation of cannabis for the upcoming biennium, including:
   1. Appropriations to the Office of Cannabis Management;
   2. Appropriations to the Department of Agriculture;
   3. Appropriations to the Cannabis Expungement Board;
   4. Appropriations to the Department of Commerce;
   5. Appropriations to the Department of Education;
the appropriations to the Department of Employment and Economic Development;
(7) the appropriations to the Department of Health;
(8) the appropriations to the Department of Human Services;
(9) the appropriations to the Department of Labor and Industry;
(10) the appropriations to the Pollution Control Agency;
(11) the appropriations to the Department of Public Safety;
(12) the appropriations to the Department of Revenue;
(13) the transfers to the dual training account in the special revenue fund; and
(14) the transfers to the substance use treatment, recovery, and prevention grant account.
(c) The commissioner of management and budget shall report its determination to the
commissioner no later than March 15 in the same odd-numbered year.
(d) The commissioner shall adjust the tax rate so that the revenues described in paragraph
(a) equal or most closely exceed the expenditures in paragraph (b). The new rate must be
rounded to the nearest one-quarter of one percent. The commissioner must post the new
rate on the department website by April 1 of the same odd-numbered year. The new rate
applies to sales and purchases made after June 30 of the same odd-numbered year.

Subd. 4. Use tax imposed; credit for taxes paid. (a) A person that receives taxable
cannabis products for use or storage in Minnesota, other than from a taxable cannabis product
retailer that paid the tax under subdivision 2, is subject to tax at the rate imposed under
subdivision 2. Liability for the tax is incurred when the person has possession of the taxable
cannabis product in Minnesota. The tax must be remitted to the commissioner in the same
manner prescribed for taxes imposed under chapter 297A.
(b) A person that has paid taxes to another state or any subdivision thereof on the same
transaction and is subject to tax under this section is entitled to a credit for the tax legally
due and paid to another state or subdivision thereof to the extent of the lesser of (1) the tax
actually paid to the other state or subdivision thereof, or (2) the amount of tax imposed by
Minnesota on the transaction subject to tax in the other state or subdivision thereof.

Subd. 5. Exemptions. (a) The use tax imposed under subdivision 4, paragraph (a), does
not apply to the possession, use, or storage of taxable cannabis products if (1) the taxable
cannabis products have an aggregate cost in any calendar month to the customer of $100
or less; and (2) the taxable cannabis products were carried into this state by the customer.
(b) The tax imposed under this section does not apply to sales of medical items purchased
by or for a patient enrolled in the registry program, including medical cannabis flower,
medical cannabinoid products, or medical cannabis paraphernalia.
Unless otherwise specified in this section, the exemptions applicable to taxes imposed under chapter 297A are not applicable to the taxes imposed under this section.

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

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

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

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

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

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

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

Subd. 12. **Returns; payment of tax.** (a) A taxable cannabis product retailer must report the tax on a return prescribed by the commissioner and must remit the tax in a form and manner prescribed by the commissioner. The return and the tax must be filed and paid using the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision 4, and chapter 297A.

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

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Subd. 12. Deposit of revenues. The commissioner must deposit all revenues, including penalties and interest, derived from the tax imposed by this section in the general fund.

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

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

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

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

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and
(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

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

(1) 75 percent to the general fund; and
(2) 25 percent to the local government cannabis aid account in the special revenue fund.

(b) The local government cannabis aid account is established in the special revenue fund.

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

EFFECTIVE DATE. This section is effective for gross receipts received after June 30, 2023.
(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

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

1. prepared food sold by the retailer;
2. soft drinks;
3. candy; and
4. dietary supplements.

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

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

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

1. the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, health clubs, and spas or athletic facilities;
2. lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;
3. nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;
4. the granting of membership in a club, association, or other organization if:
   (i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and
   (ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues.

Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash software whether delivered electronically, by load and leave, or otherwise.

The granting of membership includes both onetime initiation fees and periodic membership dues. A sale and a purchase includes the furnishing for a consideration of the following services:

1. the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, health clubs, and spas or athletic facilities;
2. lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;
3. nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;
4. the granting of membership in a club, association, or other organization if:
   (i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and
   (ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues.

Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash software whether delivered electronically, by load and leave, or otherwise.

The granting of membership includes both onetime initiation fees and periodic membership dues. A sale and a purchase includes the furnishing for a consideration of the following services:

1. the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, health clubs, and spas or athletic facilities;
2. lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;
3. nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;
4. the granting of membership in a club, association, or other organization if:
   (i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and
   (ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues.
courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block.

For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

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

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

(v) pet grooming services;

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

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

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

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

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

(v) pet grooming services;

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

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and
(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

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

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

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

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.
Sec. 11. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

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 342.01, subdivision 55, and "medical cannabinoid product" has the meaning given in section 342.01, subdivision 55, and "medical cannabis flower" has the meaning given in section 342.01, subdivision 55, and "medical cannabis flower" has the meaning given in section 342.01, subdivision 55, and "medical cannabis flower" has the meaning given in section 342.01, subdivision 55. For purposes of this subdivision, "dietary supplements" means any product, other than tobacco, intended to supplement the diet that:

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

(i) a vitamin; 

(ii) a mineral; 

(iii) an herb or other botanical; 

(iv) an amino acid; 

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

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

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.
Sec. 11. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

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

1. drugs, including over-the-counter drugs;
2. single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;
3. insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;
4. prosthetic devices;
5. durable medical equipment for home use only;
6. mobility enhancing equipment;
7. prescription corrective eyeglasses; and
8. kidney dialysis equipment, including repair and replacement parts.

(b) Items purchased in transactions covered by:

1. Medicare as defined under title XVIII of the Social Security Act, United States Code, title 42, section 1395, et seq.; or
2. Medicaid as defined under title XIX of the Social Security Act, United States Code, title 42, section 1396, et seq.

(c) For purposes of this subdivision:

1. "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, taxable cannabis products as defined under section 295.81, subdivision 1, paragraph (q), or alcoholic beverages that is:
   (i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
   (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
   (iii) intended to affect the structure or any function of the body.

2. "Durable medical equipment" means equipment, including repair and replacement parts, including single-patient use items, but not including mobility enhancing equipment, that:

   (i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
   (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
   (iii) intended to affect the structure or any function of the body.

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

   (i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;
   (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
   (iii) intended to affect the structure or any function of the body.
(i) can withstand repeated use;
(ii) is primarily and customarily used to serve a medical purpose;
(iii) generally is not useful to a person in the absence of illness or injury; and
(iv) is not worn in or on the body.

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

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

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

"Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;
(ii) is not generally used by persons with normal mobility; and
(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

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

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

"Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

(i) artificially replace a missing portion of the body;
(ii) prevent or correct physical deformity or malfunction; or
(iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

"Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and
(ii) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and
(iii) support a weak or deformed portion of the body.

"Prosthetic device" does not include corrective eyeglasses.

"Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and
(ii) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and
(iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.
Section 13. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

Subd. 2. EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

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

Subd. 2. EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

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

(ii) a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional

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

(1) building, construction, or reconstruction materials purchased by a contractor or a

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

(8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the item purchased in the transaction is paid for or reimbursed by the federal government or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance company administering the Medicare or Medicaid program on behalf of the federal government or the state of Minnesota, or by a managed care organization for the benefit of:

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

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance company administering the Medicare or Medicaid program on behalf of the federal government or the state of Minnesota, or by a managed care organization for the benefit of:

(1) building, construction, or reconstruction materials purchased by a contractor or a

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

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

(1) building, construction, or reconstruction materials purchased by a contractor or a

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

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

(1) building, construction, or reconstruction materials purchased by a contractor or a

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

(1) building, construction, or reconstruction materials purchased by a contractor or a

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

(1) building, construction, or reconstruction materials purchased by a contractor or a
maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.
(i) in general limits membership to persons who are either age 55 or older, or persons
with a physical disability;
(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
purposes, not including housing, no part of the net earnings of which inures to the benefit
of any private shareholders; and
(iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and
(3) an organization that qualifies for an exemption for memberships under subdivision
12 if the item is purchased and used in the performance of the organization's mission.

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

(b) This exemption does not apply to the following sales:
(1) building, construction, or reconstruction materials purchased by a contractor or a
subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
maximum price covering both labor and materials for use in the construction, alteration, or
repair of a building or facility;
(2) construction materials purchased by tax-exempt entities or their contractors to be
used in constructing buildings or facilities that will not be used principally by the tax-exempt
entities;
(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
and prepared food, candy, soft drinks, taxable cannabis products as defined under section
295.81, subdivision 1, paragraph (f), and alcoholic beverages as defined in section 297A.67,
subdivision 2, except wine purchased by an established religious organization for sacramental
purposes or as allowed under subdivision 9a; and
(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
subdivision 11, only if the vehicle is:
(1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
passenger automobile, as defined in section 168.002, if the automobile is designed and used
for carrying more than nine persons including the driver; and
(2) intended to be used primarily to transport tangible personal property or individuals,
other than employees, to whom the organization provides service in performing its charitable,
religious, or educational purpose.

(D) A limited liability company also qualifies for exemption under this subdivision if
(1) it consists of a sole member that would qualify for the exemption, and (2) the items
purchased qualify for the exemption.
EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

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

Subd. 18. (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code; and

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

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

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

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

(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and taxable cannabis products as defined under section 297A.67, subdivision 2, and taxable cannabis products as defined under section 295.81, subdivision 1, paragraph (a), and

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

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

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.
Sec. 16. Minnesota Statutes 2022, section 297A.85, is amended to read:

Subdivision 1.

or

"Marijuana"

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

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

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

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

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

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

Subdivision 1, subdivision 4, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in

Subdivision 1, paragraph (4), other than a lower-potency hemp edible retailer as licensed under section 342A.43, subdivision 1, and its license to sell a taxable cannabis product as defined in section 295A.81, subdivision 1, paragraph (q), has been revoked by the Office of Cannabis Management.

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

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

Subd. 2.

subdivision 1, paragraph (4) the permit is subject to cancellation under section 270C.722, subdivision 2, paragraph (a);

Subd. 3.

"Controlled substance" means any drug or substance, other than a lower-potency hemp edible retailer as licensed under section 342A.43, subdivision 1, and its license to sell a taxable cannabis product as defined in section 295A.81, subdivision 1, paragraph (q), has been revoked by the Office of Cannabis Management.

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

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

Subd. 1. Maäğünaa Illegal cannabis. “Marijuana” “Illega cannabis” means any marijuana taxable cannabis product as defined in section 295A.81, subdivision 1, paragraph (q), whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. “Controlled substance” does not include marijuana illegal cannabis.

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

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

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

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

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

"Commissioner" means the commissioner of revenue.

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

297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.

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

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

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

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

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

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

Sec. 22. Minnesota Statutes 2022, section 297D.08, is amended to read:

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

Sec. 23. Minnesota Statutes 2022, section 297D.08, is amended to read:

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

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

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
portion thereof, $400.

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

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.

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

When a tax obligor purchases, acquires, transports, or
possesses marijuana illegal cannabis or controlled substances, the taxpayer must pay the
difference in tax due under section 297D.08 and the tax previously paid. If the tax previously
paid to the other state or local unit of government was equal to or greater than the tax due
under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
tax on the marijuana illegal cannabis or controlled substances has been paid to another state
or local unit of government.
Subd. 2. Payable on possession. Taxes imposed upon marijuana or illegal cannabis or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a tax obligor.

EFFECTIVE DATE. This section is effective June 30, 2023.
appropriated to the commissioner of revenue to make the aid payments required under this section.

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