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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1247**

February 22, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; sales and use; providing a sales tax refund for certain resort
1.3 expenditures; amending Minnesota Statutes 2006, sections 297A.71, by adding a
1.4 subdivision; 297A.75, subdivisions 1, 2, 3.

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

1.6 Section 1. Minnesota Statutes 2006, section 297A.71, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 40. Construction materials and supplies; certain resorts. Construction
1.9 materials and supplies used or consumed in physically expanding or making capital
1.10 improvements to a resort classified as class 1c or 4c, under section 273.13, subdivision 22
1.11 or 25, including any portion of a 1c or 4c resort classified as class 3 under section 273.13,
1.12 subdivision 24, are exempt, up to a maximum refund of \$10,000 in each calendar year for
1.13 each resort. The tax must be imposed and collected as if the rate under section 297A.62,
1.14 subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

1.15 EFFECTIVE DATE. This section is effective for sales and purchases made after
1.16 June 30, 2007.

1.17 Sec. 2. Minnesota Statutes 2006, section 297A.75, subdivision 1, is amended to read:

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

- 1.21 (1) capital equipment exempt under section 297A.68, subdivision 5;
- 1.22 (2) building materials for an agricultural processing facility exempt under section
- 1.23 297A.71, subdivision 13;

- 2.1 (3) building materials for mineral production facilities exempt under section
 2.2 297A.71, subdivision 14;
- 2.3 (4) building materials for correctional facilities under section 297A.71, subdivision
 2.4 3;
- 2.5 (5) building materials used in a residence for disabled veterans exempt under section
 2.6 297A.71, subdivision 11;
- 2.7 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 2.8 (7) building materials for the Long Lake Conservation Center exempt under section
 2.9 297A.71, subdivision 17;
- 2.10 (8) materials, supplies, fixtures, furnishings, and equipment for a county law
 2.11 enforcement and family service center under section 297A.71, subdivision 26;
- 2.12 (9) materials and supplies for qualified low-income housing under section 297A.71,
 2.13 subdivision 23;
- 2.14 (10) materials, supplies, and equipment for municipal electric utility facilities under
 2.15 section 297A.71, subdivision 35;
- 2.16 (11) equipment and materials used for the generation, transmission, and distribution
 2.17 of electrical energy and an aerial camera package exempt under section 297A.68,
 2.18 subdivision 37; ~~and~~
- 2.19 (12) tangible personal property and taxable services and construction materials,
 2.20 supplies, and equipment exempt under section 297A.68, subdivision 41; and
- 2.21 (13) materials and supplies for qualified resorts exempt under section 297A.71,
 2.22 subdivision 40.

2.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 2.24 June 30, 2007.

2.25 Sec. 3. Minnesota Statutes 2006, section 297A.75, subdivision 2, is amended to read:

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

- 2.29 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- 2.30 (2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental
 2.31 subdivision;
- 2.32 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits
 2.33 provided in United States Code, title 38, chapter 21;
- 2.34 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead
 2.35 property;

3.1 (5) for subdivision 1, clause (9), the owner of the qualified low-income housing
3.2 project;

3.3 (6) for subdivision 1, clause (10), the applicant must be a municipal electric utility or
3.4 a joint venture of municipal electric utilities; ~~and~~

3.5 (7) for subdivision 1, clauses (11) and (12), the owner of the qualifying business; and
3.6 (8) for subdivision 1, clause (13), the owner of the resort.

3.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
3.8 June 30, 2007.

3.9 Sec. 4. Minnesota Statutes 2006, section 297A.75, subdivision 3, is amended to read:

3.10 Subd. 3. **Application.** (a) The application must include sufficient information
3.11 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
3.12 subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10),
3.13 (11), ~~or~~ (12), or (13), the contractor, subcontractor, or builder must furnish to the refund
3.14 applicant a statement including the cost of the exempt items and the taxes paid on the
3.15 items unless otherwise specifically provided by this subdivision. The provisions of
3.16 sections 289A.40 and 289A.50 apply to refunds under this section.

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

3.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
3.20 June 30, 2007.