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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 2257

March 20, 2007

Authored by Beard, Moe, Erhardt, Seifert, Sertich and others 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 sales and use tax; exempting purchases by political subdivisions of
1.3 materials used in construction and maintenance of roads, bridges, and airports;
1.4 amending Minnesota Statutes 2006, section 297A.70, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2006, section 297A.70, subdivision 2, is amended to
1.7 read:

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

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

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

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

1.19 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip
1.20 operations provided for in section 473.4051;

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

1.23 (6) sales to public libraries, public library systems, multicounty, multitype library
1.24 systems as defined in section 134.001, county law libraries under chapter 134A, state

2.1 agency libraries, the state library under section 480.09, and the Legislative Reference
2.2 Library;

2.3 (7) purchases by political subdivisions of materials used directly in construction
2.4 and maintenance of roads and bridges, including purchases of building, construction,
2.5 and reconstruction materials by a contractor or subcontractor as part of a lump-sum
2.6 contract for construction, reconstruction, or maintenance of a road or bridge for a political
2.7 subdivision; and

2.8 (8) purchases by political subdivisions of materials used directly in the construction
2.9 and maintenance of airport runways, approach lighting systems, taxiways, ramps, aprons,
2.10 and any other buildings or structures related directly to the construction and maintenance
2.11 of airports.

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

2.13 (1) building, construction, or reconstruction materials purchased by a contractor or a
2.14 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
2.15 maximum price covering both labor and materials for use in the construction, alteration, or
2.16 repair of a building or facility, except as provided in paragraph (a), clauses (7) and (8);

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

2.20 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 5,
2.21 except for leases entered into by the United States or its agencies or instrumentalities; or

2.22 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
2.23 (2), and prepared food, candy, and soft drinks, except for lodging, prepared food, candy,
2.24 and soft drinks purchased directly by the United States or its agencies or instrumentalities.

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

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