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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 1277

March 2, 2009

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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; motor vehicle sales tax; eliminating sales
1.3 tax and motor vehicle sales tax on purchases of public safety equipment by
1.4 local police and fire departments; amending Minnesota Statutes 2008, sections
1.5 297A.70, subdivisions 1, 3; 297B.03.

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

1.7 Section 1. Minnesota Statutes 2008, section 297A.70, subdivision 1, is amended to
1.8 read:

1.9 Subdivision 1. **Scope.** (a) To the extent provided in this section, the gross receipts
1.10 from sales of items to or by, and storage, distribution, use, or consumption of items by
1.11 the organizations or units of government listed in this section are specifically exempted
1.12 from the taxes imposed by this chapter.

1.13 (b) Notwithstanding any law to the contrary enacted before 1992, only sales to
1.14 governments and political subdivisions listed in this section are exempt from the taxes
1.15 imposed by this chapter.

1.16 (c) "Sales" includes purchases under an installment contract or lease purchase
1.17 agreement under section 465.71.

1.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
1.19 December 31, 2009.

1.20 Sec. 2. Minnesota Statutes 2008, section 297A.70, subdivision 3, is amended to read:

1.21 Subd. 3. **Sales of certain goods and services to government.** (a) The following
1.22 sales to or use by the specified governments and political subdivisions of the state are
1.23 exempt:

2.1 (1) ~~repair and replacement parts for emergency rescue vehicles, fire trucks, and fire~~
2.2 ~~apparatus to a political subdivision; the following public safety equipment:~~

2.3 (i) firefighting equipment used exclusively for the prevention of and protection
2.4 from fire to the property of a community, purchased by the fire department of a political
2.5 subdivision of the state. Firefighting equipment includes: repair and replacement parts for
2.6 emergency rescue vehicles, fire trucks, and fire apparatus; the equipment listed in clause
2.7 (5); and all property exempt under section 272.021; and

2.8 (ii) law enforcement equipment used exclusively in the direct provision of law
2.9 enforcement activities, purchased by the law enforcement department of a political
2.10 subdivision of the state. Law enforcement equipment includes repair and replacement parts
2.11 for both marked and unmarked police vehicles, guns, holsters, ammunition, handcuffs,
2.12 badges, DARE supplies, fingerprint kits and supplies, flares, barrier tape, scanners, traffic
2.13 counters, squad supplies, police dogs, and the equipment listed in clause (6);

2.14 (2) machinery and equipment, except for motor vehicles, used directly for mixed
2.15 municipal solid waste management services at a solid waste disposal facility as defined in
2.16 section 115A.03, subdivision 10;

2.17 (3) chore and homemaking services to a political subdivision of the state to be
2.18 provided to elderly or disabled individuals;

2.19 (4) telephone services to the Office of Enterprise Technology that are used to provide
2.20 telecommunications services through the enterprise technology revolving fund;

2.21 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
2.22 or authorized by and for the use of an organized fire department, fire protection district, or
2.23 fire company regularly charged with the responsibility of providing fire protection to the
2.24 state ~~or a political subdivision;~~

2.25 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
2.26 protection, if purchased by a law enforcement agency of the state ~~or a political subdivision~~
2.27 ~~of the state~~, or a licensed peace officer, as defined in section 626.84, subdivision 1;

2.28 (7) motor vehicles purchased or leased by political subdivisions of the state if the
2.29 vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b),
2.30 exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax
2.31 under section 297B.03, clause (12);

2.32 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
2.33 treatment facilities of political subdivisions, and materials incidental to installation of
2.34 that equipment;

3.1 (9) sales to a town of gravel and of machinery, equipment, and accessories, except
 3.2 motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of
 3.3 motor vehicles exempt from tax under section 297B.03, clause (10);

3.4 (10) the removal of trees, bushes, or shrubs for the construction and maintenance
 3.5 of roads, trails, or firebreaks when purchased by an agency of the state or a political
 3.6 subdivision of the state; and

3.7 (11) purchases by the Metropolitan Council or the Department of Transportation of
 3.8 vehicles and repair parts to equip operations provided for in section 174.90, including, but
 3.9 not limited to, the Northstar Corridor Rail project.

3.10 (b) For purposes of this subdivision, "firefighters personal protective equipment"
 3.11 means helmets, including face shields, chin straps, and neck liners; bunker coats and
 3.12 pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets;
 3.13 protective coveralls; goggles; self-contained breathing apparatus; canister filter masks;
 3.14 personal alert safety systems; spanner belts; optical or thermal imaging search devices;
 3.15 and all safety equipment required by the Occupational Safety and Health Administration.

3.16 (c) For purchases of items listed in paragraph (a), clause (11), the tax must be
 3.17 imposed and collected as if the rate under section 297A.62, subdivision 1, applied and
 3.18 then refunded in the manner provided in section 297A.75.

3.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 3.20 December 31, 2009.

3.21 Sec. 3. Minnesota Statutes 2008, section 297B.03, is amended to read:

3.22 **297B.03 EXEMPTIONS.**

3.23 There is specifically exempted from the provisions of this chapter and from
 3.24 computation of the amount of tax imposed by it the following:

3.25 (1) purchase or use, including use under a lease purchase agreement or installment
 3.26 sales contract made pursuant to section 465.71, of any motor vehicle by the United States
 3.27 and its agencies and instrumentalities and by any person described in and subject to the
 3.28 conditions provided in section 297A.67, subdivision 11;

3.29 (2) purchase or use of any motor vehicle by any person who was a resident of
 3.30 another state or country at the time of the purchase and who subsequently becomes a
 3.31 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date
 3.32 such person began residing in the state of Minnesota and the motor vehicle was registered
 3.33 in the person's name in the other state or country;

4.1 (3) purchase or use of any motor vehicle by any person making a valid election to be
4.2 taxed under the provisions of section 297A.90;

4.3 (4) purchase or use of any motor vehicle previously registered in the state of
4.4 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
4.5 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
4.6 Revenue Code;

4.7 (5) purchase or use of any vehicle owned by a resident of another state and leased
4.8 to a Minnesota-based private or for-hire carrier for regular use in the transportation of
4.9 persons or property in interstate commerce provided the vehicle is titled in the state of
4.10 the owner or secured party, and that state does not impose a sales tax or sales tax on
4.11 motor vehicles used in interstate commerce;

4.12 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
4.13 institution for use as an instructional aid in automotive training programs operated by the
4.14 institution. "Automotive training programs" includes motor vehicle body and mechanical
4.15 repair courses but does not include driver education programs;

4.16 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service
4.17 licensed under section 144E.10;

4.18 (8) purchase of a motor vehicle by or for a public library, as defined in section
4.19 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

4.20 (9) purchase of a ready-mixed concrete truck;

4.21 (10) purchase or use of a motor vehicle by a town for use exclusively for road
4.22 maintenance, including snowplows and dump trucks, but not including automobiles,
4.23 vans, or pickup trucks;

4.24 (11) purchase or use of a motor vehicle by a corporation, society, association,
4.25 foundation, or institution organized and operated exclusively for charitable, religious,
4.26 or educational purposes, except a public school, university, or library, but only if the
4.27 vehicle is:

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

4.31 (ii) intended to be used primarily to transport tangible personal property or
4.32 individuals, other than employees, to whom the organization provides service in
4.33 performing its charitable, religious, or educational purpose;

4.34 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
4.35 transit service is exempt if the transit provider is either (i) receiving financial assistance or

5.1 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
5.2 473.388, or 473.405;

5.3 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
5.4 469.310, located in a job opportunity building zone, if the motor vehicle is principally
5.5 garaged in the job opportunity building zone and is primarily used as part of or in direct
5.6 support of the person's operations carried on in the job opportunity building zone. The
5.7 exemption under this clause applies to sales, if the purchase was made and delivery
5.8 received during the duration of the job opportunity building zone. The exemption under
5.9 this clause also applies to any local sales and use tax; ~~and~~

5.10 (14) purchase of a leased vehicle by the lessee who was a participant in a
5.11 lease-to-own program from a charitable organization that is:

5.12 (i) described in section 501(c)(3) of the Internal Revenue Code; and

5.13 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

5.14 (15) purchase of a motor vehicle for use as an unmarked police or patrol vehicle by a
5.15 law enforcement agency of a political subdivision of the state.

5.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
5.17 December 31, 2009.