

**Subject** Sales and use tax exemption established for food service establishment equipment

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## Summary

This bill establishes an upfront sales tax exemption for food service equipment purchased or leased by a food service establishment in the production of prepared food or furnishing of beverages up to the point the prepared food or beverage is ready for service or delivery to a customer.

The bill provides the following definitions in determining eligible recipients of the exemption as well as eligible products.

- “Catering service” means a business that prepares food and beverages for service in connection with an event with a predetermined guest list.
- “Food service equipment” means machinery, equipment, fixtures, and supplies used by a food service establishment that are integral to the production of prepared food or furnishing of beverages and that meet the Food Code under Minnesota Rules. Food service equipment excludes items used by customers, such as napkins, drinkware, utensils, tables, and chairs, and delivery vehicles or motor vehicles purchased by a food service establishment.
- “Food service establishment” means a restaurant or mobile food unit as defined under current law, or a catering service as defined in the bill.
- “Production” means an operation or series of operations where ingredients are changed in form, composition, or condition that results in the creation of prepared food or a beverage.

Effective for sales and purchases made after June 30, 2025.