

Subject Restaurant capital equipment sales tax exemption

Authors Baker and others

Analyst Alexandra Haigler

Date February 20, 2023

Overview

This bill creates a sales tax exemption for capital equipment used by certain food service establishments in the production of prepared food and furnishing of beverages. This exemption includes sales and purchases made after June 30, 2023.

Summary

Section	Description
---------	-------------

1	Food service establishment equipment.
---	--

Creates a sales tax exemption for capital equipment used by certain food service establishments in the production of prepared food and furnishing of beverages. Provides the following definitions:

- “food service equipment” means machinery, equipment, fixtures, and supplies used that is integral to the production of prepared food or the furnishing of beverages. This provision also includes a list of items considered to be food service equipment that reflects items integral to the production of food and beverages up to the point of service or delivery to the customer;
- “food service establishment” means a restaurant, a mobile food unit, or catering service as defined in chapter 157;
- “furnishing of beverages” means the production of beverages, including alcoholic beverages, by a bartender, server, caterer, or other person employed by a food service establishment;
- “prepared food” has the same meaning as it is defined in chapter 297A; and
- “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.

Section	Description
---------	-------------

The exemption is upfront, so tax does not need to be paid and later refunded.

This exemption is effective for sales and purchases made after June 30, 2023.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155