

1.1

ARTICLE ...

1.2

SALES AND USE TAXES

1.3

Section 1. Minnesota Statutes 2020, section 38.27, subdivision 4, is amended to read:

1.4

Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must annually determine the amount of sales tax savings attributable to section 297A.70, subdivision 21. ~~If the county agricultural society owns its own fairgrounds, it, and~~ must use the amount equal to the sales tax savings to maintain, improve, or expand society-owned buildings and facilities on the fairgrounds; ~~otherwise it must transfer this amount to the owner of the fairgrounds. An owner that receives a transfer of money under this subdivision must use the transferred amount to maintain, improve, and expand entity-owned buildings and facilities on the county fairgrounds.~~

EFFECTIVE DATE. This section is effective the day following final enactment for the most recent annual tax savings determined prior to enactment.

1.14 Sec. 2. **[240A.15] AMATEUR SPORTS ACCOUNT.**

An amateur sports account is established in the special revenue fund and consists of money deposited under section 297A.94, paragraph (k). Money in the account, including interest, is appropriated to the commission for the promotion and development of amateur sports as provided in section 240A.04. Money in the account does not cancel and is available until spent.

EFFECTIVE DATE. This section is effective July 1, 2022.

1.21 Sec. 3. Minnesota Statutes 2020, section 297A.61, subdivision 4, is amended to read:

1.22 Subd. 4. **Retail sale.** (a) A "retail sale" means:

1.23 (1) any sale, lease, or rental of tangible personal property for any purpose, other than
1.24 resale, sublease, or subrent of items by the purchaser in the normal course of business as
1.25 defined in subdivision 21; and

1.26 (2) any sale of a service enumerated in subdivision 3, for any purpose other than resale
1.27 by the purchaser in the normal course of business as defined in subdivision 21.

1.28 (b) A sale of property used by the owner only by leasing it to others or by holding it in
1.29 an effort to lease it, and put to no use by the owner other than resale after the lease or effort
1.30 to lease, is a sale of property for resale.

2.1 (c) A sale of master computer software that is purchased and used to make copies for
2.2 sale or lease is a sale of property for resale.

2.3 (d) A sale of building materials, supplies, and equipment to owners, contractors,
2.4 subcontractors, or builders for the erection of buildings or the alteration, repair, or
2.5 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
2.6 for purposes of resale in the form of real property or otherwise.

2.7 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for
2.8 installation of the floor covering is a retail sale and not a sale for resale since a sale of floor
2.9 covering which includes installation is a contract for the improvement of real property.

2.10 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
2.11 for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery,
2.12 plants, sod, trees, and similar items that includes installation is a contract for the improvement
2.13 of real property.

2.14 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and is
2.15 not considered a sale of property for resale.

2.16 (h) A sale of tangible personal property utilized or employed in the furnishing or
2.17 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
2.18 limited to, property given as promotional items, is a retail sale and is not considered a sale
2.19 of property for resale.

2.20 (i) A sale of tangible personal property used in conducting lawful gambling under chapter
2.21 349 or the State Lottery under chapter 349A, including, but not limited to, property given
2.22 as promotional items, is a retail sale and is not considered a sale of property for resale.

2.23 (j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense
2.24 goods or services, including, but not limited to, coin-operated devices, is a retail sale and
2.25 is not considered a sale of property for resale.

2.26 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
2.27 payment becomes due under the terms of the agreement or the trade practices of the lessor
2.28 or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
2.29 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
2.30 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
2.31 executed.

2.32 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
2.33 title or possession of the tangible personal property.

3.1 (m) A sale of a bundled transaction in which one or more of the products included in
3.2 the bundle is a taxable product is a retail sale, except that if one of the products is a
3.3 telecommunication service, ancillary service, Internet access, ~~or~~ audio or video programming
3.4 service, a suite license exempt under section 297A.67, subdivision 35, or a right to purchase
3.5 season tickets to collegiate events exempt under section 297A.67, subdivision 38, and the
3.6 seller has maintained books and records identifying through reasonable and verifiable
3.7 standards the portions of the price that are attributable to the distinct and separately
3.8 identifiable products, then the products are not considered part of a bundled transaction.
3.9 For purposes of this paragraph:

3.10 (1) the books and records maintained by the seller must be maintained in the regular
3.11 course of business, and do not include books and records created and maintained by the
3.12 seller primarily for tax purposes;

3.13 (2) books and records maintained in the regular course of business include, but are not
3.14 limited to, financial statements, general ledgers, invoicing and billing systems and reports,
3.15 and reports for regulatory tariffs and other regulatory matters; and

3.16 (3) books and records are maintained primarily for tax purposes when the books and
3.17 records identify taxable and nontaxable portions of the price, but the seller maintains other
3.18 books and records that identify different prices attributable to the distinct products included
3.19 in the same bundled transaction.

3.20 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body
3.21 shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail
3.22 sale of the paint and materials. The motor vehicle repair or body shop that purchases motor
3.23 vehicle repair paint and motor vehicle repair materials for resale must either:

3.24 (1) separately state each item of paint and each item of materials, and the sales price of
3.25 each, on the invoice to the purchaser; or

3.26 (2) in order to calculate the sales price of the paint and materials, use a method which
3.27 estimates the amount and monetary value of the paint and materials used in the repair of
3.28 the motor vehicle by multiplying the number of labor hours by a rate of consideration for
3.29 the paint and materials used in the repair of the motor vehicle following industry standard
3.30 practices that fairly calculate the gross receipts from the retail sale of the motor vehicle
3.31 repair paint and motor vehicle repair materials. An industry standard practice fairly calculates
3.32 the gross receipts if the sales price of the paint and materials used or consumed in the repair
3.33 of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or
3.34 body shop business. Under this clause, the invoice must either separately state the "paint

4.1 and materials" as a single taxable item, or separately state "paint" as a taxable item and
4.2 "materials" as a taxable item. This clause does not apply to wholesale transactions at an
4.3 auto auction facility.

4.4 (o) A sale of specified digital products or other digital products to an end user with or
4.5 without rights of permanent use and regardless of whether rights of use are conditioned
4.6 upon payment by the purchaser is a retail sale. When a digital code has been purchased that
4.7 relates to specified digital products or other digital products, the subsequent receipt of or
4.8 access to the related specified digital products or other digital products is not a retail sale.

4.9 (p) A payment made to a cooperative electric association or public utility as a contribution
4.10 in aid of construction is a contract for improvement to real property and is not a retail sale.

4.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.12 30, 2022.

4.13 Sec. 4. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to
4.14 read:

4.15 **Subd. 7b. Health care materials.** Health care materials are exempt. "Health care
4.16 materials" means nondurable disposable health care materials prescribed by a physician
4.17 that are primarily and customarily used to serve a medical purpose and generally not used
4.18 by an individual in the absence of illness or injury and not used repeatedly by different
4.19 individuals. For purposes of this subdivision, "prescribed" has the definition given in
4.20 subdivision 7.

4.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.22 30, 2022.

4.23 Sec. 5. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to
4.24 read:

4.25 **Subd. 7c. Other purchases under health plans.** Items purchased in a transaction covered
4.26 by a private health plan that are not already exempt under subdivision 7, 7a, or 7b are exempt.
4.27 For purposes of this subdivision, "private health plan" means a health plan as defined in
4.28 section 62A.011, subdivision 3, a health plan as defined in section 62V.02, subdivision 4,
4.29 or a qualified health plan as defined in section 62A.011, subdivision 7.

4.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.31 30, 2022.

5.1 Sec. 6. Minnesota Statutes 2020, section 297A.67, subdivision 35, is amended to read:

5.2 Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61,
5.3 subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not
5.4 include consideration paid for a license to use a private suite, private skybox, or private box
5.5 seat, and the sale of the license is exempt provided that: (1) the lessee may use the private
5.6 suite, private skybox, or private box seat by mutual arrangement with the lessor on days
5.7 when there is no amusement or athletic event; and (2) the sales price for the privilege of
5.8 admission ~~is separately stated and~~ is equal to or greater than the highest priced general
5.9 admission ticket for the closest seat not in the private suite, private skybox, or private box
5.10 seat.

5.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
5.12 30, 2022.

5.13 Sec. 7. Minnesota Statutes 2021 Supplement, section 297A.67, subdivision 38, is amended
5.14 to read:

5.15 Subd. 38. **Season ticket purchasing rights to collegiate events.** The sale of a right to
5.16 purchase the privilege of admission to a college or university athletic event in a preferred
5.17 viewing location for a season of a particular athletic event is exempt provided that:

5.18 (1) the consideration paid for the right to purchase is used entirely to support student
5.19 scholarships, wellness, and academic costs; and

5.20 ~~(2) the consideration paid for the right to purchase is separately stated from the admission~~
5.21 ~~price; and~~

5.22 ~~(3)~~ (2) the admission price is equal to or greater than the highest priced general admission
5.23 ticket for the closest seat not in the preferred viewing location.

5.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
5.25 30, 2022.

5.26 Sec. 8. Minnesota Statutes 2020, section 297A.68, subdivision 25, is amended to read:

5.27 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal
5.28 property primarily used in a trade or business is exempt if the sale is not made in the normal
5.29 course of business of selling that kind of property and if one of the following conditions is
5.30 satisfied:

6.1 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,
6.2 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended
6.3 through December 16, 2016;

6.4 (2) the sale is between members of a controlled group as defined in section 1563(a) of
6.5 the Internal Revenue Code;

6.6 (3) the sale is between a sole member of a disregarded limited liability company and the
6.7 disregarded limited liability company;

6.8 ~~(3)~~ (4) the sale is a sale of farm machinery;

6.9 ~~(4)~~ (5) the sale is a farm auction sale;

6.10 ~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

6.11 ~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made
6.12 during the calendar month of the sale and the preceding 11 calendar months does not exceed
6.13 \$1,000.

6.14 The use, storage, distribution, or consumption of tangible personal property acquired as
6.15 a result of a sale exempt under this subdivision is also exempt.

6.16 (b) For purposes of this subdivision, the following terms have the meanings given.

6.17 (1) "Disregarded limited liability company" means a limited liability company that is
6.18 disregarded as an entity separate from its owner as defined in Code of Federal Regulations,
6.19 title 26, section 301.7701.

6.20 ~~(1)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if
6.21 substantially all of the property sold consists of property used in the trade or business of
6.22 farming and property not used primarily in a trade or business.

6.23 ~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or
6.24 identifiable segment of a trade or business if, before the sale, the income and expenses
6.25 attributable to the separate division, branch, or identifiable segment could be separately
6.26 ascertained from the books of account or record (the lease or rental of an identifiable segment
6.27 does not qualify for the exemption).

6.28 ~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a
6.29 single transaction or a series of related transactions within the 12-month period beginning
6.30 on the date of the first sale of assets intended to qualify for the exemption provided in
6.31 paragraph (a), clause (5).

7.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 7.2 30, 2022.

7.3 Sec. 9. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to
 7.4 read:

7.5 Subd. 46. **Amenities included with the privilege of admission.** (a) The sale of amenities,
 7.6 including but not limited to food and beverages, parking services, and promotional items,
 7.7 that are included in the sales price of the privilege of admission to athletic events and places
 7.8 of amusement under section 297A.61, subdivision 3, paragraph (m), are exempt when sold
 7.9 by a seller of the privilege of admission.

7.10 (b) Under this subdivision, the exempt portion of the sale of the privilege of admission
 7.11 is equal to the purchase price of the amenity if sales or use tax was paid on the amenity
 7.12 when purchased by the seller.

7.13 (c) The seller must retain records documenting the price and tax paid by the seller when
 7.14 purchasing the amenities and the price and tax collected when the seller sells the privilege
 7.15 of admission.

7.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 7.17 30, 2022.

7.18 Sec. 10. Minnesota Statutes 2020, section 297A.70, subdivision 21, is amended to read:

7.19 Subd. 21. **County agricultural society sales at county fairs.** (a) The following sales
 7.20 by a county agricultural society during a regularly scheduled county fair are exempt. For
 7.21 purposes of this subdivision, sales include:

7.22 (1) admissions to and parking at the county fairgrounds;

7.23 (2) admissions to separately ticketed events run by the county agricultural society; and

7.24 (3) concessions and other sales made by employees or volunteers of the county
 7.25 agricultural society on the county fairgrounds.

7.26 ~~This~~ (b) The exemption under paragraph (a) does not apply to sales or for events by a
 7.27 ~~county agricultural society~~ held at a time other than at the time of the regularly scheduled
 7.28 county fair, or events not held on the county fairgrounds.

7.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.1 Sec. 11. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision
8.2 to read:

8.3 Subd. 22. **Animal shelters.** (a) For purposes of this subdivision, the term "animal shelter"
8.4 means a nonprofit organization engaged in the business of rescuing, sheltering, and finding
8.5 homes for unwanted animals.

8.6 (b) Purchases made by an animal shelter are exempt if the purchases are used directly
8.7 in the activities of rescuing, sheltering, and finding homes for unwanted animals. The
8.8 exemption under this paragraph does not apply to the following purchases:

8.9 (1) building, construction, or reconstruction materials purchased by a contractor or a
8.10 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
8.11 maximum price covering both labor and materials for use in the construction, alteration, or
8.12 repair of a building or facility;

8.13 (2) construction materials purchased by an animal shelter or the animal shelter's
8.14 contractors to be used in constructing buildings or facilities that will not be used principally
8.15 by the animal shelter;

8.16 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
8.17 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
8.18 subdivision 2; and

8.19 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

8.20 (c) The sale or adoption of unwanted animals by an animal shelter and the sale of
8.21 associated animal supplies and equipment by an animal shelter are exempt.

8.22 (d) Sales made by and events run by an animal shelter for fund-raising purposes are
8.23 exempt. Exempt sales include the sale of prepared food, candy, and soft drinks at a
8.24 fund-raising event. The exemption under this paragraph is subject to the following limits:

8.25 (1) gross receipts from all fund-raising sales are taxable if the total fund-raising by the
8.26 animal shelter exceeds 24 days per year;

8.27 (2) it does not apply to fund-raising events conducted on premises leased for more than
8.28 five days but less than 30 days; and

8.29 (3) it does not apply to admission charges for events involving bingo or other gambling
8.30 activities or to charges for use of amusement devices involving bingo or other gambling
8.31 activities.

9.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 9.2 30, 2022.

9.3 Sec. 12. Minnesota Statutes 2020, section 297A.71, subdivision 51, is amended to read:

9.4 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or
 9.5 consumed in, and equipment incorporated into, the construction or replacement of real
 9.6 property affected by, and capital equipment to replace equipment destroyed in, the fire on
 9.7 March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected
 9.8 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner
 9.9 provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes
 9.10 durable equipment used in a restaurant for food storage, preparation, and serving.

9.11 (b) The exemption under this subdivision applies to sales and purchases made after
 9.12 March 11, 2018, and before January 1, ~~2022~~ 2024.

9.13 **EFFECTIVE DATE.** This section is effective retroactively from March 11, 2018.

9.14 Sec. 13. Minnesota Statutes 2021 Supplement, section 297A.71, subdivision 52, is amended
 9.15 to read:

9.16 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies
 9.17 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,
 9.18 or remodeling of the following local government owned facilities are exempt:

9.19 (1) a new fire station, which includes firefighting, emergency management, public safety
 9.20 training, and other public safety facilities in the city of Monticello if materials, supplies,
 9.21 and equipment are purchased after January 31, 2019, and before January 1, 2022;

9.22 (2) a new fire station, which includes firefighting and public safety training facilities
 9.23 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and
 9.24 equipment are purchased after June 30, 2018, and before January 1, 2021;

9.25 (3) a fire station and police station, including access roads, lighting, sidewalks, and
 9.26 utility components, on or adjacent to the property on which the fire station or police station
 9.27 are located that are necessary for safe access to and use of those buildings, in the city of
 9.28 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and
 9.29 before January 1, 2022;

9.30 (4) the school building in Independent School District No. 414, Minneota, if materials,
 9.31 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

10.1 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment
10.2 are purchased after December 31, 2018, and before January 1, 2021; ~~and~~

10.3 (6) a Dakota County law enforcement collaboration center, also known as the Safety
10.4 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,
10.5 and equipment are purchased after June 30, 2019, and before July 1, 2021;

10.6 (7) new construction, upgrades, and remodeling to the Itasca County courts and
10.7 courthouse in conjunction and coordination with the new construction of a correctional
10.8 facility, if materials, supplies, and equipment are purchased after April 30, 2021, and before
10.9 January 1, 2025;

10.10 (8) the North Metro Regional Public Safety Training Facility in Maple Grove, if materials,
10.11 supplies, and equipment are purchased after August 31, 2021, and before December 31,
10.12 2023; and

10.13 (9) the following projects in Wayzata if materials, supplies, and equipment are purchased
10.14 after March 31, 2020, and before January 1, 2025:

10.15 (i) expansion and remodeling of Depot Park;

10.16 (ii) construction of community docks for purposes of access from Lake Minnetonka;

10.17 (iii) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

10.18 (iv) shoreline restoration, including installation of native plants, trees, and natural habitat;

10.19 (v) restoration of Section Foreman House, including installation of a learning center to
10.20 provide indoor and outdoor classroom and community space;

10.21 (vi) construction of Eco Park, including shoreline restoration and marsh and water quality
10.22 improvement, a pier extension of the lakeside boardwalk, and creation of eco-living
10.23 classrooms;

10.24 (vii) construction of a public plaza with a restroom, 9/11 memorial, interactive water
10.25 display, and gathering space;

10.26 (viii) construction of a regional multiuse trail; and

10.27 (ix) construction of railroad crossings.

10.28 (b) The tax must be imposed and collected as if the rate under section 297A.62,
10.29 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

10.30 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed
10.31 \$850,000.

11.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
11.2 made during the periods indicated in paragraph (a), clauses (7) to (9).

11.3 Sec. 14. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision
11.4 to read:

11.5 Subd. 54. **Construction materials purchased by contractors; exemption for certain**
11.6 **projects at the Minneapolis-St. Paul International Airport.** (a) Materials and supplies
11.7 used in, and equipment incorporated into, the construction, reconstruction, repair,
11.8 maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul
11.9 International Airport purchased by a contractor or subcontractor for the following projects
11.10 are exempt if purchased after June 30, 2022, and on or before December 31, 2024:

11.11 (1) security improvements to the rental automobile quick turn-around facility at Terminal
11.12 1;

11.13 (2) replacing air handling units at Terminal 1 and Terminal 2;

11.14 (3) improvements to the C concourse loading dock at Terminal 1;

11.15 (4) lighting upgrades to LED;

11.16 (5) restroom upgrades at Terminal 1;

11.17 (6) renovation of mechanical rooms in Terminal 1, a MAC storage facility, and a liquid
11.18 deicer storage facility;

11.19 (7) a new trades storage facility;

11.20 (8) new liquid deicer storage facility; and

11.21 (9) Terminal 1 passenger arrivals and departures replacement, rehabilitation, and
11.22 operational improvements.

11.23 (b) The tax on purchases exempt under this subdivision must be imposed and collected
11.24 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner
11.25 provided in section 297A.75.

11.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.1 Sec. 15. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 1, is amended
12.2 to read:

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

12.6 (1) building materials for an agricultural processing facility exempt under section
12.7 297A.71, subdivision 13;

12.8 (2) building materials for mineral production facilities exempt under section 297A.71,
12.9 subdivision 14;

12.10 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

12.11 (4) building materials used in a residence for veterans with a disability exempt under
12.12 section 297A.71, subdivision 11;

12.13 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

12.14 (6) materials and supplies for qualified low-income housing under section 297A.71,
12.15 subdivision 23;

12.16 (7) materials, supplies, and equipment for municipal electric utility facilities under
12.17 section 297A.71, subdivision 35;

12.18 (8) equipment and materials used for the generation, transmission, and distribution of
12.19 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
12.20 37;

12.21 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
12.22 (a), clause (10);

12.23 (10) materials, supplies, and equipment for construction or improvement of projects and
12.24 facilities under section 297A.71, subdivision 40;

12.25 (11) materials, supplies, and equipment for construction, improvement, or expansion of
12.26 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

12.27 (12) enterprise information technology equipment and computer software for use in a
12.28 qualified data center exempt under section 297A.68, subdivision 42;

12.29 (13) materials, supplies, and equipment for qualifying capital projects under section
12.30 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

13.1 (14) items purchased for use in providing critical access dental services exempt under
13.2 section 297A.70, subdivision 7, paragraph (c);

13.3 (15) items and services purchased under a business subsidy agreement for use or
13.4 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
13.5 44;

13.6 (16) building materials, equipment, and supplies for constructing or replacing real
13.7 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

13.8 (17) building materials, equipment, and supplies for qualifying capital projects under
13.9 section 297A.71, subdivision 52; ~~and~~

13.10 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
13.11 or improving a fire station, police station, or related facilities exempt under section 297A.71,
13.12 subdivision 53; and

13.13 (19) building construction or reconstruction materials, supplies, and equipment purchased
13.14 for qualifying projects at the Minneapolis-St. Paul International Airport under section
13.15 297A.71, subdivision 54.

13.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
13.17 30, 2022.

13.18 Sec. 16. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 2, is amended
13.19 to read:

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

13.23 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

13.24 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

13.25 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
13.26 provided in United States Code, title 38, chapter 21;

13.27 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
13.28 property;

13.29 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

13.30 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
13.31 joint venture of municipal electric utilities;

14.1 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
14.2 business;

14.3 (8) for subdivision 1, clauses (9), (10), (13), (17), and (18), the applicant must be the
14.4 governmental entity that owns or contracts for the project or facility; ~~and~~

14.5 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
14.6 building or project; and

14.7 (10) for subdivision 1, clause (19), the applicant must be an airport commission.

14.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
14.9 30, 2022.

14.10 Sec. 17. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 3, is amended
14.11 to read:

14.12 Subd. 3. **Application.** (a) The application must include sufficient information to permit
14.13 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
14.14 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(18)~~ (19), the contractor,
14.15 subcontractor, or builder must furnish to the refund applicant a statement including the cost
14.16 of the exempt items and the taxes paid on the items unless otherwise specifically provided
14.17 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
14.18 this section.

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

14.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
14.22 30, 2022.

14.23 Sec. 18. Minnesota Statutes 2020, section 297A.94, is amended to read:

14.24 **297A.94 DEPOSIT OF REVENUES.**

14.25 (a) Except as provided in this section, the commissioner shall deposit the revenues,
14.26 including interest and penalties, derived from the taxes imposed by this chapter in the state
14.27 treasury and credit them to the general fund.

14.28 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
14.29 account in the special revenue fund if:

14.30 (1) the taxes are derived from sales and use of property and services purchased for the
14.31 construction and operation of an agricultural resource project; and

15.1 (2) the purchase was made on or after the date on which a conditional commitment was
15.2 made for a loan guaranty for the project under section 41A.04, subdivision 3.

15.3 The commissioner of management and budget shall certify to the commissioner the date on
15.4 which the project received the conditional commitment. The amount deposited in the loan
15.5 guaranty account must be reduced by any refunds and by the costs incurred by the Department
15.6 of Revenue to administer and enforce the assessment and collection of the taxes.

15.7 (c) The commissioner shall deposit the revenues, including interest and penalties, derived
15.8 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,
15.9 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

15.10 (1) first to the general obligation special tax bond debt service account in each fiscal
15.11 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

15.12 (2) after the requirements of clause (1) have been met, the balance to the general fund.

15.13 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit
15.14 in the state treasury the revenues collected under section 297A.64, subdivision 1, including
15.15 interest and penalties and minus refunds, and credit them to the highway user tax distribution
15.16 fund.

15.17 (e) The commissioner shall deposit the revenues, including interest and penalties,
15.18 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
15.19 general fund. By July 15 of each year the commissioner shall transfer to the highway user
15.20 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
15.21 subdivision 5, for the previous calendar year.

15.22 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit
15.23 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and
15.24 credit to the highway user tax distribution fund an amount equal to the estimated revenues
15.25 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or
15.26 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The
15.27 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph
15.28 based on the amount of revenue deposited under paragraph (d).

15.29 (g) Starting after July 1, 2017, the commissioner shall deposit an amount of the
15.30 remittances monthly into the state treasury and credit them to the highway user tax
15.31 distribution fund as a portion of the estimated amount of taxes collected from the sale and
15.32 purchase of motor vehicle repair parts in that month. For the remittances between July 1,
15.33 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in

16.1 each subsequent fiscal year, the monthly deposit amount is \$12,137,000. For purposes of
16.2 this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11,
16.3 and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories,
16.4 and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle
16.5 maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor
16.6 vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph,
16.7 "tire" means any tire of the type used on highway vehicles, if wholly or partially made of
16.8 rubber and if marked according to federal regulations for highway use.

16.9 (h) 72.43 percent of the revenues, including interest and penalties, transmitted to the
16.10 commissioner under section 297A.65, must be deposited by the commissioner in the state
16.11 treasury as follows:

16.12 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in
16.13 the game and fish fund, and may be spent only on activities that improve, enhance, or protect
16.14 fish and wildlife resources, including conservation, restoration, and enhancement of land,
16.15 water, and other natural resources of the state;

16.16 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
16.17 be spent only for state parks and trails;

16.18 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
16.19 be spent only on metropolitan park and trail grants;

16.20 (4) three percent of the receipts must be deposited in the natural resources fund, and
16.21 may be spent only on local trail grants; and

16.22 (5) two percent of the receipts must be deposited in the natural resources fund, and may
16.23 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,
16.24 and the Duluth Zoo.

16.25 (i) The revenue dedicated under paragraph (h) may not be used as a substitute for
16.26 traditional sources of funding for the purposes specified, but the dedicated revenue shall
16.27 supplement traditional sources of funding for those purposes. Land acquired with money
16.28 deposited in the game and fish fund under paragraph (h) must be open to public hunting
16.29 and fishing during the open season, except that in aquatic management areas or on lands
16.30 where angling easements have been acquired, fishing may be prohibited during certain times
16.31 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
16.32 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
16.33 resources under paragraph (h) must be allocated for field operations.

17.1 (j) The commissioner must deposit the revenues, including interest and penalties minus
 17.2 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,
 17.3 that may be sold to persons 18 years old or older and that are not prohibited from use by
 17.4 the general public under section 624.21, in the state treasury and credit:

17.5 (1) 25 percent to the volunteer fire assistance grant account established under section
 17.6 88.068;

17.7 (2) 25 percent to the fire safety account established under section 297I.06, subdivision
 17.8 3; and

17.9 (3) the remainder to the general fund.

17.10 For purposes of this paragraph, the percentage of total sales and use tax revenue derived
 17.11 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be
 17.12 sold to persons 18 years old or older and are not prohibited from use by the general public
 17.13 under section 624.21, is a set percentage of the total sales and use tax revenues collected in
 17.14 the state, with the percentage determined under Laws 2017, First Special Session chapter
 17.15 1, article 3, section 39.

17.16 (k) Beginning in 2023, by June 30, the commissioner shall deposit revenues, including
 17.17 interest and penalties, derived from taxes on sales and purchases made at the National Sports
 17.18 Center in Blaine, in the amateur sports account in the special revenue fund.

17.19 ~~(l)~~ (l) The revenues deposited under paragraphs (a) to ~~(j)~~ (k) do not include the revenues,
 17.20 including interest and penalties, generated by the sales tax imposed under section 297A.62,
 17.21 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
 17.22 article XI, section 15.

17.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 17.24 30, 2022.

17.25 Sec. 19. **SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

17.26 Subdivision 1. **Exemption.** Notwithstanding Minnesota Statutes, section 297A.67,
 17.27 subdivision 15, clause (2), fees related to natural gas sold for residential use to customers
 17.28 who were metered and billed as residential users and who used natural gas for their primary
 17.29 source of residential heat are exempt for purposes of the billing periods May to October,
 17.30 provided that:

18.1 (1) the fee for the natural gas is subject to a cost recovery plan for the price increase in
18.2 natural gas during the period February 13, 2021, to February 17, 2021, identified in docket
18.3 G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

18.4 (2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under
18.5 clause (1).

18.6 Subd. 2. **Application; refund.** (a) By October 1, 2022, each utility must apply to the
18.7 commissioner of revenue for a refund of sales taxes collected and remitted pursuant to
18.8 Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject
18.9 to a cost recovery plan under subdivision 1, clause (1), that were added to residential
18.10 customers' bills for the period beginning September 1, 2021, and ending June 30, 2022.

18.11 (b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for
18.12 paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision,
18.13 "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1).
18.14 Within 90 days after the date the commissioner issues the refund under Minnesota Statutes,
18.15 section 289A.50, subdivision 2, paragraph (a), to the utility, the utility must provide a plan
18.16 to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision
18.17 1 to residential customers.

18.18 (c) The plan must be approved by the Minnesota Public Utilities Commission. Any
18.19 amount not refunded or credited to a residential customer by a utility within 60 days of
18.20 approval of the plan must be returned to the commissioner by the utility.

18.21 **EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales
18.22 and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

18.23 Sec. 20. **CHISHOLM PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
18.24 **CONSTRUCTION MATERIALS.**

18.25 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
18.26 incorporated into the construction and renovation projects for Chisholm Elementary School,
18.27 Chisholm High School, and Vaughan Steffensrud School in Independent School District
18.28 No. 695, Chisholm Public Schools, are exempt from sales and use tax imposed under
18.29 Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after
18.30 December 31, 2021, and before January 1, 2025.

18.31 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
18.32 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects

19.1 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
19.2 purchases must not be issued until after June 30, 2022.

19.3 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
19.4 is appropriated from the general fund to the commissioner of revenue.

19.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and
19.6 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

19.7 Sec. 21. **DULUTH PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
19.8 **CONSTRUCTION MATERIALS.**

19.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
19.10 incorporated into the construction of an administrative building and a transportation facility
19.11 in Independent School District No. 709, Duluth Public Schools, are exempt from sales and
19.12 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
19.13 equipment are purchased after June 30, 2021, and before January 1, 2025.

19.14 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
19.15 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
19.16 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
19.17 purchases must not be issued until after June 30, 2022.

19.18 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
19.19 is appropriated from the general fund to the commissioner of revenue.

19.20 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021, and
19.21 applies to sales and purchases made after June 30, 2021, and before January 1, 2025.

19.22 Sec. 22. **NASHWAUK-KEEWATIN PUBLIC SCHOOLS; SALES TAX EXEMPTION**
19.23 **FOR CONSTRUCTION MATERIALS.**

19.24 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
19.25 incorporated into the construction of a new school building and attached community wellness
19.26 center to replace Keewatin Elementary School and the Nashwauk High School in Independent
19.27 School District No. 319, Nashwauk-Keewatin Public Schools, are exempt from sales and
19.28 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
19.29 equipment are purchased after December 31, 2021, and before January 1, 2025.

19.30 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
19.31 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects

20.1 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
20.2 purchases must not be issued until after June 30, 2022.

20.3 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
20.4 is appropriated from the general fund to the commissioner of revenue.

20.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and
20.6 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

20.7 Sec. 23. **ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
20.8 **CONSTRUCTION MATERIALS.**

20.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
20.10 incorporated into the following projects in Independent School District No. 696, Ely Public
20.11 Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter
20.12 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before
20.13 January 1, 2024:

20.14 (1) renovations to the elementary school building and high school building; and

20.15 (2) construction of a building that connects the elementary school and high school
20.16 buildings, containing classrooms, a common area, gymnasium, and administrative offices.

20.17 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
20.18 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
20.19 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
20.20 purchases must not be issued until after June 30, 2022.

20.21 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
20.22 is appropriated from the general fund to the commissioner of revenue.

20.23 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
20.24 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

20.25 Sec. 24. **HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
20.26 **CONSTRUCTION MATERIALS.**

20.27 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
20.28 incorporated into the following projects in the city of Hibbing are exempt from sales and
20.29 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
20.30 equipment are purchased after May 1, 2019, and before January 1, 2025:

21.1 (1) the addition of an Early Childhood Family Education Center to an existing elementary
 21.2 school; and

21.3 (2) improvements to an existing athletic facility in Independent School District No. 701,
 21.4 Hibbing Public Schools.

21.5 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 21.6 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
 21.7 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 21.8 purchases must not be issued until after June 30, 2022.

21.9 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 21.10 is appropriated from the general fund to the commissioner of revenue.

21.11 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
 21.12 applies to sales and purchases made after May 1, 2019, and before January 1, 2025.

21.13 Sec. 25. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
 21.14 **CONSTRUCTION MATERIALS.**

21.15 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 21.16 incorporated into the construction of two new elementary school buildings and a new high
 21.17 school building in Independent School District No. 2909, Rock Ridge Public Schools, are
 21.18 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,
 21.19 supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

21.20 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 21.21 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
 21.22 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 21.23 purchases must not be issued until after June 30, 2022.

21.24 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 21.25 is appropriated from the general fund to the commissioner of revenue.

21.26 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
 21.27 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

21.28 Sec. 26. **NORTHLAND LEARNING CENTER; SALES TAX EXEMPTION FOR**
 21.29 **CONSTRUCTION MATERIALS.**

21.30 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 21.31 incorporated into the renovation and addition to the James Madison Building for Northland

22.1 Learning Center, No. 6076, are exempt from sales and use tax imposed under Minnesota
22.2 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December
22.3 31, 2021, and before January 1, 2025.

22.4 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
22.5 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
22.6 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
22.7 purchases must not be issued until after June 30, 2022.

22.8 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
22.9 is appropriated from the general fund to the commissioner of revenue.

22.10 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and
22.11 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

22.12 Sec. 27. **NORTHERN LIGHTS ACADEMY; SALES TAX EXEMPTION FOR**
22.13 **CONSTRUCTION MATERIALS.**

22.14 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
22.15 incorporated into the construction of a new building for special education cooperative No.
22.16 6096, Northern Lights Academy, are exempt from sales and use tax imposed under Minnesota
22.17 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December
22.18 31, 2021, and before January 1, 2025.

22.19 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
22.20 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects
22.21 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
22.22 purchases must not be issued until after June 30, 2022.

22.23 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
22.24 is appropriated from the general fund to the commissioner of revenue.

22.25 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and
22.26 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.