

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 633 **DATE:** February 26, 2011
Version: As amended by author's amendment (H0633A1)
Authors: Benson, M., and others
Subject: Making the capital equipment sales tax exemption an upfront exemption
Analyst: Pat Dalton

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Capital equipment directly purchased and used by a company for manufacturing, fabricating, mining, and refining is exempt from sales tax. However, the company is required to pay the sales tax at the time of purchase and apply for a refund. Companies are limited to filing no more than two applications for a refund on capital equipment per year. Beginning in FY 2014, the equipment would no longer be subject to sales tax at the time of purchase.

- 1 Capital equipment.** Removes the requirement that the sales tax be paid when the equipment is purchased and then refunded. Effective for sales and purchases made after June 30, 2013.
- 2 Refund; appropriation.** Removes the sales tax refund provisions that apply to capital equipment refunds. Effective for sales and purchases made after June 30, 2014.