

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 514 **DATE:** February 25, 2011  
**Version:** As amended by author's amendment (H0514A1)  
**Authors:** Benson, M., and others  
**Subject:** Local government MOEs and sales taxes  
**Analyst:** Pat Dalton, 651-296-7434

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### Overview

Suspends county maintenance of effort (MOE) and matching requirements for any year in which levy limits are in effect. Also exempts local governments from sales tax on most purchases.

- 1** **Maintenance of effort and matching requirements suspended.** Suspends county maintenance of effort and matching requirements for any year in which levy limits are in effect. The suspension does not apply to any MOEs and matching fund requirements if:

- It would require the state to spend more money; or
- It would reduce federal funds to the county or the state.

The commissioner of management and budget will determine which MOEs and matching fund requirements will be suspended and publish them on the department's website.

Effective the day after final enactment.

- 2** **Sales to governments.** Provides that purchases by all local governments are exempt from the sales tax provided that the goods and services for items in direct competition with the private business (i.e. liquor stores, electric utilities, campgrounds) unless the competing private businesses can also purchase those items tax exempt. Provides a definition of "goods and services usually provided by a private business and eliminates references to government types and services that are now exempt under the broader general provision.

Construction materials, motor vehicle leasing, and purchases of lodging and food and beverages remain taxable for all local governments, similar to the current treatment of purchase by the federal government, schools, libraries and nursing homes.

Effective for sales and purchases made after June 30, 2011.

- 3** **Sales of certain goods and services to governments.** Eliminates the sales tax exemption for certain purchases which are now exempt under the broader exemption in section 2.

Effective for sales and purchases made after June 30, 2011.