

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2195  
**Version:** As introduced

**DATE:** March 4, 2014

**Authors:** Freiberg and others

**Subject:** Modifying the local government sales tax 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/](http://www.house.mn/hrd/).

---

Last year the existing sales tax for schools and towns was expanded to include purchases by counties and cities. This bill modifies that exemption as follows:

- Eliminates the illustrative list of government services whose inputs would remain taxable and replaces it with a definitive list that only includes the services specifically enumerated in the illustrative list. Goods and services purchased by exempt local governments for a publicly provided liquor store, gas or electric utility, golf course, marina, health and fitness center, campground, cafe, or laundromat will remain taxable.
- Extends the definition of tax exempt local government, which currently includes counties, cities, and townships, to include purchases by their instrumentalities, including any joint powers special district where at least 50 percent of the joint powers members are exempt governmental entities. Instrumentalities of school districts are already exempt.

Effective for sales and purchases after June 30, 2014.