

File Number: H.F. 2421 **Date:** February 22, 2018
Version: with the author's amendment (H2421A1)

Authors: Backer

Subject: Expands the sales tax exemption for purchases of electricity

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

Provides a sales tax exemption for all electricity and repeals existing limited exemptions for certain sales of electricity.

Currently electricity used in a residence where electricity is used as a primary heat source has a five month exemption (from November to April). Electricity used directly in industrial production, farm production, publishing, television commercial production, and certain taxable services as well as electricity used in data centers is also exempt under current law. Local governments, schools, the federal government, and certain nonprofit organizations have entity specific sales tax exemptions that cover the purchase of electricity.

Effective for sales and purchases made after June 30, 2018.

Section

- 1 **Residential heating fuels.** Eliminates the five month sales tax exemption for residential electricity when electricity is used as the primary heating source.
- 2 **Electricity services.** Provides a sales tax exemption for electricity.
- 3 **Materials consumed in industrial production.** Removes the provision that excludes electricity used for general heating, cooling, and lighting from the exemption for electricity use in industrial production.

Section

- 4** **Materials used in providing certain taxable services.** Removes the provision that excludes electricity used for general heating, cooling, and lighting from the exemption for electricity use in providing certain taxable services.
- 5** **Publications; publication materials.** Removes the provision that excludes electricity used for general heating, cooling, and lighting from the exemption for materials used in producing publications.
- 6** **Television commercials.** Removes the provision that excludes electricity used for general heating, cooling, and lighting from the exemption for materials used in production of television commercials