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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 3598

03/12/2018 Authored by Olson, Schultz and Murphy, M.,
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; sales and use; providing an exemption for certain construction
1.3 materials for redevelopment of the site of the former Duluth Central High School;
1.4 amending Minnesota Statutes 2016, section 297A.71, by adding a subdivision;
1.5 Minnesota Statutes 2017 Supplement, section 297A.75, subdivisions 1, 2, 3.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 51. Former Duluth Central High School. Materials and supplies used in and
1.10 equipment incorporated into a private redevelopment project on the site of the former Duluth
1.11 Central High School are exempt, provided the resulting development is subject to property
1.12 taxes. The tax must be imposed and collected as if the rate under section 297A.62, subdivision
1.13 1, applied and then refunded in the manner provided in section 297A.75. The commissioner
1.14 must not pay more than \$5,000,000 in refunds for purchases exempt under this section.
1.15 Refunds must be processed and issued in the order that complete and accurate applications
1.16 are received by the commissioner.

1.17 EFFECTIVE DATE. This section is effective retroactively for sales and purchases
1.18 made after June 30, 2017, and before January 1, 2019.

1.19 Sec. 2. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended
1.20 to read:

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

- 2.1 (1) building materials for an agricultural processing facility exempt under section
2.2 297A.71, subdivision 13;
- 2.3 (2) building materials for mineral production facilities exempt under section 297A.71,
2.4 subdivision 14;
- 2.5 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 2.6 (4) building materials used in a residence for disabled veterans exempt under section
2.7 297A.71, subdivision 11;
- 2.8 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 2.9 (6) materials and supplies for qualified low-income housing under section 297A.71,
2.10 subdivision 23;
- 2.11 (7) materials, supplies, and equipment for municipal electric utility facilities under
2.12 section 297A.71, subdivision 35;
- 2.13 (8) equipment and materials used for the generation, transmission, and distribution of
2.14 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
2.15 37;
- 2.16 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
2.17 (a), clause (10);
- 2.18 (10) materials, supplies, and equipment for construction or improvement of projects and
2.19 facilities under section 297A.71, subdivision 40;
- 2.20 (11) materials, supplies, and equipment for construction, improvement, or expansion
2.21 of:
- 2.22 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
2.23 section 297A.71, subdivision 42;
- 2.24 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
2.25 45;
- 2.26 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
2.27 297A.71, subdivision 46; and
- 2.28 (iv) an industrial measurement manufacturing and controls facility exempt under
2.29 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 2.30 (12) enterprise information technology equipment and computer software for use in a
2.31 qualified data center exempt under section 297A.68, subdivision 42;

3.1 (13) materials, supplies, and equipment for qualifying capital projects under section
3.2 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

3.5 (15) items and services purchased under a business subsidy agreement for use or
3.6 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
3.7 44;

3.8 (16) building materials, equipment, and supplies for constructing or replacing real
3.9 property exempt under section 297A.71, subdivision 49; ~~and~~

3.10 (17) building materials, equipment, and supplies for constructing or replacing real
3.11 property exempt under section 297A.71, subdivision 50, paragraph (b); and

3.12 (18) materials and supplies used in and equipment incorporated into a private
3.13 redevelopment project exempt under section 297A.71, subdivision 51.

3.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
3.15 30, 2017.

3.16 Sec. 3. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 2, is amended
3.17 to read:

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

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

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

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

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

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

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

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

4.1 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental
4.2 entity that owns or contracts for the project or facility; and

4.3 (9) for subdivision 1, ~~clause~~ clauses (16), (17), and (18), the applicant must be the owner
4.4 or developer of the building or project; ~~and.~~

4.5 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~
4.6 ~~building or project.~~

4.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.8 30, 2017.

4.9 Sec. 4. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 3, is amended
4.10 to read:

4.11 Subd. 3. **Application.** (a) The application must include sufficient information to permit
4.12 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
4.13 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,
4.14 subcontractor, or builder must furnish to the refund applicant a statement including the cost
4.15 of the exempt items and the taxes paid on the items unless otherwise specifically provided
4.16 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
4.17 this section.

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

4.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.21 30, 2017.