

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 670

(SENATE AUTHORS: DAHMS)

DATE
02/04/2021

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Introduction and first reading
Referred to Transportation Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; motor vehicle sales; expanding an exemption for certain motor
1.3 vehicle purchases by local governments; amending Minnesota Statutes 2020,
1.4 section 297B.03.

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

1.6 Section 1. Minnesota Statutes 2020, section 297B.03, is amended to read:

1.7 **297B.03 EXEMPTIONS.**

1.8 Subdivision 1. Scope. ~~There is~~ The purchases or acquisitions of a motor vehicle listed
1.9 in this section are specifically exempted from the provisions of this chapter and from
1.10 computation of the amount of tax imposed by it the following:

1.11 Subd. 2. Federal government. ~~(1)~~ The purchase or use, including use under a lease
1.12 purchase agreement or installment sales contract made pursuant to section 465.71, of any
1.13 motor vehicle by the United States and its agencies and instrumentalities and by any person
1.14 described in and subject to the conditions provided in section 297A.67, subdivision 11; is
1.15 exempt.

1.16 Subd. 3. Purchased while a resident of another state. ~~(2)~~ The purchase or use of any
1.17 motor vehicle by any person who was a resident of another state or country at the time of
1.18 the purchase and who subsequently becomes a resident of Minnesota, provided the purchase
1.19 occurred more than 60 days prior to the date such person began residing in the state of
1.20 Minnesota and the motor vehicle was registered in the person's name in the other state or
1.21 country; is exempt.

2.1 Subd. 4. Interstate motor carriers. ~~(3)~~ The purchase or use of any motor vehicle by
2.2 any person making a valid election to be taxed under the provisions of section 297A.90; is
2.3 exempt.

2.4 Subd. 5. Sale of business. ~~(4)~~ The purchase or use of any motor vehicle previously
2.5 registered in the state of Minnesota when such transfer constitutes a transfer within the
2.6 meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or
2.7 1563(a) of the Internal Revenue Code, as amended through December 16, 2016; is exempt.

2.8 Subd. 6. Leased vehicles for interstate commerce. ~~(5)~~ The purchase or use of any
2.9 vehicle owned by a resident of another state and leased to a Minnesota-based private or
2.10 for-hire carrier for regular use in the transportation of persons or property in interstate
2.11 commerce provided the vehicle is titled in the state of the owner or secured party, and that
2.12 state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce; is
2.13 exempt.

2.14 Subd. 7. Use in automotive training programs. ~~(6)~~ The purchase or use of a motor
2.15 vehicle by a private nonprofit or public educational institution for use as an instructional
2.16 aid in automotive training programs operated by the institution is exempt. "Automotive
2.17 training programs" includes motor vehicle body and mechanical repair courses but does not
2.18 include driver education programs; is

2.19 Subd. 8. Ambulance and emergency response. ~~(7)~~ The purchase of a motor vehicle
2.20 by an ambulance service licensed under section 144E.10 when that vehicle is equipped and
2.21 specifically intended for emergency response or for providing ambulance service; is exempt.

2.22 Subd. 9. Library use. ~~(8)~~ The purchase of a motor vehicle by or for a public library, as
2.23 defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle; is
2.24 exempt.

2.25 Subd. 10. Ready-mix concrete truck. ~~(9)~~ The purchase of a ~~ready-mixed~~ ready-mix
2.26 concrete truck; is exempt.

2.27 Subd. 11. Local government road maintenance. ~~(10)~~ The purchase or use of a motor
2.28 vehicle by a ~~town~~ local government for use exclusively for road maintenance, including
2.29 ~~snowplows and dump trucks~~ snowplow or dump truck, but not including ~~automobiles,~~
2.30 ~~vans, or pickup trucks;~~ an automobile, van, or pickup truck, is exempt. For purposes of this
2.31 subdivision, "local government" means:

2.32 (1) a home rule charter or statutory city;

2.33 (2) a county;

3.1 (3) a town; or

3.2 (4) an instrumentality of a home rule charter or statutory city, county, or town. An
 3.3 instrumentality may be a special district under section 6.465, or a special district organized
 3.4 under a joint powers agreement under section 471.59, if the special district was established
 3.5 by the county, city, or town, or the majority of the special district's governing board is made
 3.6 up of:

3.7 (i) elected officials of the county, city, or town; or

3.8 (ii) the special district's members are appointed by the governing body of the county,
 3.9 city, or town.

3.10 Subd. 12. **Charitable use.** ~~(11)~~ The purchase or use of a motor vehicle by a corporation,
 3.11 society, association, foundation, or institution organized and operated exclusively for
 3.12 charitable, religious, or educational purposes, except a public school, university, or library
 3.13 is exempt, but only if the vehicle is:

3.14 ~~(i)~~ (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
 3.15 passenger automobile, as defined in section 168.002, if the automobile is designed and used
 3.16 for carrying more than nine persons including the driver; and

3.17 ~~(ii)~~ (2) intended to be used primarily to transport tangible personal property or individuals,
 3.18 other than employees, to whom the organization provides service in performing its charitable,
 3.19 religious, or educational purpose;

3.20 Subd. 13. **Transit use.** ~~(12)~~ The purchase of a motor vehicle for use by a transit provider
 3.21 exclusively to provide transit service is exempt if the transit provider is either (i) receiving
 3.22 financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating
 3.23 under section 174.29, 473.388, or 473.405; is exempt.

3.24 Subd. 14. **Job opportunity building zone.** ~~(13)~~ The purchase or use of a motor vehicle
 3.25 by a qualified business, as defined in section 469.310, located in a job opportunity building
 3.26 zone, if the motor vehicle is principally garaged in the job opportunity building zone and
 3.27 is primarily used as part of or in direct support of the person's operations carried on in the
 3.28 job opportunity building zone is exempt. The exemption under this ~~clause~~ subdivision
 3.29 applies to sales, if the purchase was made and delivery received during the duration of the
 3.30 job opportunity building zone. The exemption under this ~~clause~~ subdivision also applies to
 3.31 any local sales and use tax;

4.1 Subd. 15. **Certain purchases from a nonprofit.** ~~(14)~~ The purchase of a leased vehicle
4.2 by the lessee who was a participant in a lease-to-own program is exempt if the purchase is
4.3 from a charitable organization that is:

4.4 ~~(i)~~ (1) described in section 501(c)(3) of the Internal Revenue Code; and

4.5 ~~(ii)~~ (2) licensed as a motor vehicle lessor under section 168.27, subdivision 4; ~~and.~~

4.6 Subd. 16. **Mobile medical unit.** ~~(15)~~ The purchase of a motor vehicle used exclusively
4.7 as a mobile medical unit for the provision of medical or dental services by a federally
4.8 qualified health center, as defined under title 19 of the Social Security Act, as amended by
4.9 Section 4161 of the Omnibus Budget Reconciliation Act of 1990, is exempt.

4.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
4.11 30, 2021.