

# What's not taxable? (continued)

**Textbooks, including digital books**, that are required for classes in public or private schools, colleges, universities, or business and trade schools when sold to regularly enrolled students. *Fact Sheet 111, Schools - Sales and Purchases; Rule 8130.6700.*

**Trade-in allowances** can be subtracted before figuring the tax if the items traded in are also taxable and sold by the retailer in the regular course of business. *Fact Sheet 167, Coupons, Discounts and Other Forms of Payment.*

**Tree, bush and shrub removal for contractors.** Tree, bush, shrub and stump removal services that are sold to contractors or subcontractors as part of a land-clearing contract. *Fact Sheets 121A - 121C (on lawn care).*

**TV commercials.** TV commercials and items primarily used or consumed in preproduction, production or post-production of a TV commercial are exempt. *Fact Sheet 163, TV Commercials.*

**Waste-management containers and compactors** purchased by a waste management service provider to use in providing waste-management services are exempt. To qualify, the service provider must collect the solid-waste management tax on customer charges or on the lease or rental payments for the compactors or containers. Containers for recycling remain taxable. *M.S. 297A.68, subd. 31.*

**Water** utility services for residential use. Also exempt is unsweetened bottled water in any size container. *Fact Sheets 102C, Soft Drinks and Other Beverages; 157, Residential Utilities.*

**Wind energy conversion systems** and materials used to manufacture, install, construct, repair or replace them. *M.S. 297A.68, subd. 12.*

**YMCA, YWCA and Jewish Community Centers** of Greater Minneapolis and St. Paul memberships, both one-time initiation fees and periodic membership dues. Separate charges for the use of an association's sports and athletic facilities are taxable. *Fact Sheet 124, Exercise Facilities and Health Clubs.*

## Sales to certain people and nonprofit organizations

The following organizations are allowed to purchase most items exempt from sales tax. **To claim exemption, they must give a fully completed exemption certificate to the seller, indicating the applicable reason for exemption on the exemption certificate.**

**Charitable organizations** must be operated exclusively for charitable purposes and be granted exempt status authorization from the Department of Revenue. To apply for exempt status, use Form ST16.

**Consular officials.** Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. The card will list any limitations on the exemption. For example, some officials must pay tax on hotel room charges or on purchases under a certain amount.

If someone shows you a sales tax exemption card, check the card to make sure the purchase qualifies for the exemption. You may also ask for additional identification. If the purchase qualifies, write the individual's tax exemption number on your billing or sales invoice. Keep the invoice in your files.

**Educational organizations.** Schools and school districts operated exclusively for educational purposes are exempt. Nonprofit professional and trade schools, scouts, youth groups, and youth athletic and recreational programs, such as Little League, etc., operated exclusively for educational purposes must be granted exempt status authorization from the Department of Revenue. To apply for exempt status, use Form ST16.

**Federal government.** All sales to the federal government and its agencies are exempt. The purchaser must provide a purchase order, payment voucher or work order. Form ST3 may also be used. Purchases by federal employees are taxable, even if they are reimbursed by the federal government.

**Hospitals and outpatient surgical centers.** Sales to a hospital or outpatient surgical center are exempt if the items purchased are used in providing hospital or outpatient surgical services. *M.S. 297A.70, subd. 7.*

Most sales to **local governments**, including counties, cities and townships, are exempt from MN sales and use tax as defined by *M.S. 297A.70, subd. 2*, and in *Fact Sheet 176, Local Governments - Cities, Counties, and Townships*. In addition, local governments are eligible for the specific exemptions briefly described below:

- Sales and leases of vehicles used as **ambulances or equipped and specifically intended for emergency response** by ambulance services licensed by the EMS Regulatory Board under *M.S. 144E.10*.

- **Biosolids processing equipment** and materials incidental to installation for wastewater treatment facilities.
- **Bullet-resistant body armor.**
- **Chore and homemaking services** for the elderly and disabled that are purchased by a local government specifically for elderly and disabled individuals.
- **Correctional facility meals for inmates.**
- **Emergency rescue vehicle** repair and replacement parts.
- **Firefighter personal protective equipment.**
- **Fuels** used in ambulances, fire apparatus and marked police vehicles.
- Purchases by **hospitals and nursing homes** owned and operated by local governments.
- Purchases by public and legislative **libraries.**
- **Metropolitan Council.** MTC buses, light rail transit vehicles and repair parts.
- Purchases by **school districts** and public schools.
- **Solid-waste disposal facility** machinery and equipment.
- **Certain goods and services** purchased by towns except when the purchase is an input to a good or service generally provided by a private business and the purchase would be taxable if purchased by the private business.
- **Transit program** vehicles that meet certain criteria.
- **Water used directly in providing fire protection.**

*Fact Sheets 111, Schools - Sales and Purchases; 135, Fire Fighting, Police, and Emergency Equipment; 139, Libraries; and 142, Sales to Governments.*

**Non-Minnesota government agencies.** Sales to another state or another state's political subdivisions are not taxable if the sales would not be taxed in that other state. This exemption does not apply to sales of prepared food, candy, soft drinks, alcoholic beverages and lodging.

**Religious organizations.** Churches and other religious organizations operated exclusively for religious purposes can use Form ST3 without exempt status authorization or may apply for exempt status authorization from the Department of Revenue using Form ST16.