



EMPLOYMENT AND
ECONOMIC DEVELOPMENT

MINNESOTA DATA CENTER PROGRAM GUIDE AND APPLICATION

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Stephen Wolff, Program Administrator – Data Center Program

332 Minnesota Street, E200

St. Paul, MN 55101-1351

Stephen.wolff@state.mn.us

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Minnesota Data Center Program Guide

Application procedures and program overview

The State of Minnesota has created a program of tax incentives to attract and expand data centers. The program allows for qualifying facilities and tenants to receive up to 20 years of sales and use tax exemptions on qualifying purchases. To become a qualified data center and receive the sales tax exemptions, a data center must apply to the Department of Employment and Economic Development (DEED) to achieve certification as a qualified data center and with Department of Revenue (DOR) to file a claim for refund of sales and use tax. The same sales and use tax exemptions are available to both new and refurbished data centers for 20 years; however, the amount of time to complete the project and facility minimum investment differ. Program applications are accepted on a year-round basis. The following steps provide an overview of the qualification process:

Step 1: Applicant completes the data center self-qualification determination worksheet

Step 2: Applicant submits an application and supporting documentation to the DEED Data Center Program Administrator

Step 3: DEED will review the application and determine if the proposed data center meets the program's minimum requirements.

Step 4: Upon satisfactory review, DEED will provide the applicant a pre-certification letter.

Step 5: Upon project completion, applicant will schedule a facility visit with the Program Administrator and provide supporting documentation that the minimum investment and facility square footage requirements have been met. Upon final approval, DEED will notify the applicant and DOR that the qualified data center has been certified.

Step 6: Applicant files for sales and use tax refund and exemptions using these forms:

- Form ST3; Electricity used to operate a qualified data center is exempt after your project is certified by DEED. To take advantage of this exemption, provide your supplier Form ST3, Certificate of Exemption
- Form ST11; Sales and Use Tax Refund Request and Multiple Period Amended Return. Sales and use tax must be paid or accrued first, and then may be refunded using this form. Follow the instructions to complete and submit Form ST11 to DOR.

Additional Information:

The Minnesota Department of Revenue (DOR) has dedicated a webpage to the Data Center Program. http://www.revenue.state.mn.us/businesses/sut/Pages/Qualified_Data_Centers.aspx.

Minnesota Statutes 297A.68, Subd. 42 – Qualified data centers. <https://www.revisor.mn.gov/statutes/?id=297A.68>

Fact Sheet 129, Utilities Used in Production. <http://www.revenue.state.mn.us/businesses/sut/factsheets/FS129.pdf>

Fact Sheet 134, Computer Software

<http://www.revenue.state.mn.us/businesses/sut/factsheets/FS134.pdf>

Revenue Notice #16-07: Sales Tax Exemptions Qualified Data Centers

http://www.revenue.state.mn.us/law_policy/revenue_notices/RN_16-07.pdf

The remainder of this page intentionally left blank.



Data center self-qualification determination worksheet

Applicant may make a preliminary determination about whether a proposed new data center or refurbished data center meets the minimum program requirements.

For new data centers:

| New data center or expansion of existing data center | Your project specifications | Minimum requirements | Does this project meet the requirement? (yes/no) |
|--|-----------------------------|----------------------|--|
| Does the proposed facility contain more than 25,000 square feet of space? | | 25,000 square feet | |
| Will the proposed facility spend \$30 million on construction, software, and information technology? | | \$30,000,000.00 | |
| Will the project be completed within 48 months? | | Less than 48 months | |

For refurbished data centers:

| Refurbished data center | Your project specifications | Minimum requirements | Does this project meet the requirement? (yes/no) |
|--|-----------------------------|----------------------|--|
| Does the proposed facility contain more than 25,000 square feet of space? | | 25,000 square feet | |
| Will the proposed facility spend \$50 million on construction, software, and information technology? | | \$50,000,000.00 | |
| Will the project be completed within 24 months? | | Less than 24 months | |

If all of the answers under either the new or refurbished data center section are “yes”, then the project is potentially eligible for certification and an application should be completed. If any answers are negative, the project may not meet the minimum program requirements and the applicant should contact the Data Center Program Administrator to inquire whether the project could qualify.

m **EMPLOYMENT AND
ECONOMIC DEVELOPMENT**
Minnesota Data Center Program Application

Section I. Business applicant information

Legal name ("Business"): _____

DBA/Trade name (if any): _____

Minnesota tax ID number: _____

Federal Employer Identification Number: _____

Mailing address: _____

Physical address of data center: _____

Parcel ID number(s) with data center operations: _____

Authorized business contact name: _____

Authorized business contact title: _____

Authorized business contact email: _____

Authorized business contact phone: _____

Website: _____

Section II. Project Overview

Project type (select one):

- New Data Center
- Refurbishment of Existing Data Center
- Expansion of Existing Data Center

The facility will have (select all that apply):

- Uninterruptible power supply
- Generator

Will the facility have a sophisticated fire suppression and prevention system installed?

Yes No if yes, identify type _____

The facility will have the following enhanced security features (choose all that apply):

- Restricted access
- Permanent security guards
- Video camera surveillance
- Electronic system requiring pass codes, keycards, or biometric scans

In determining the facility square footage, the square footage of the following spaces shall be included only if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical support facilities.

Total square footage of proposed data center: _____ ft²

Does the property or the business have any outstanding local, state, or federal tax liabilities?

No Yes (if yes, attach a statement)

Are there any current or unsatisfied judgments or injunctions against the business owners?

No Yes (if yes, attach a statement)

Is there current or pending litigation involving the business?

No Yes (if yes, attach summary)

Within the past five years, has there been any violation(s), citation(s), or complaint(s) of discrimination filed against the company in a state or federal court or before any state, federal, or local government agency?

No Yes (if yes, attach a copy of the violation(s), citation(s), or complaint(s) and the disposition of each)

Current number of permanent full-time equivalent employees (FTEs) (1 FTE equals 2080 hours worked per year) at the proposed data center: _____

Average wage for retained full-time employees: _____/yr

Proposed number of permanent full-time equivalent employees (FTEs) (1 FTE equals 2080 hours worked per year) at the proposed data center by year:

Year 1: _____ Year 2: _____ Year 3: _____ Year 4: _____ Total: _____

Average wage for new permanent full-time employees: _____/yr

Will any jobs be relocated from another Minnesota site to the proposed data center?

No Yes (If yes, attach a summary including how many and which location(s) employees will be relocated from)

| Project timeframe | | |
|--|----------------|-------------|
| Milestone | Estimated date | Actual date |
| Qualifying period begins | | |
| Qualifying period ends | | |
| Minimum requirements of program were met | | |
| Construction complete | | |
| Commissioning date | | |
| Facility fully operational | | |



EMPLOYMENT AND ECONOMIC DEVELOPMENT

| Sources and uses (in dollars) | | | | | | |
|--------------------------------------|---------|--------|-------|-------------|-------|-------|
| | Bank(s) | Equity | State | Local Gov't | Other | Total |
| Property Acquisition | | | | | | |
| Site Improvement | | | | | | |
| New Construction | | | | | | |
| Renovation of Existing Business | | | | | | |
| Purchase of Machinery and Equipment | | | | | | |
| Infrastructure | | | | | | |
| Hardware, Software, and Installation | | | | | | |
| Other | | | | | | |
| Total Project cost | | | | | | |

Section III. Required information

Instructions: Answers should be thorough in addressing the requested information. Clearly identify responses to each item by number or number and letter as appropriate. Upon request, The Job Creation form is available in an Excel file format.

1. Building plans
Provide a complete set of building plans for the new or refurbished data center project. The plans should also include a summary sheet that lists the proposed area uses and the square footage of those areas.
2. Sworn construction statement
Provide a copy of the sworn construction statement for the proposed data center facility or refurbished data center project. The construction statement should include:
 - a. Proposed construction draw schedule
 - b. Proposed construction schedule
3. Investment schedule
Provide a detailed schedule of the total amount of qualifying investment at the facility. The investment shall include: construction, professional services, enterprise information technology equipment, computer hardware, hardware maintenance, computer software, and software maintenance. A complete schedule should include:
 - a. Invoice date and number
 - b. Purchase price, total tax paid, Minnesota tax paid, local tax paid
 - c. Vendor and description
4. Supporting invoices
Provide all pages of original invoices for each line item on the investment schedule according to the following guidelines:
 - a. For a refurbished project provide supporting documentation beginning with the highest value line items. Provide documentation in the same order as the investment schedule and only provide \$50,000,000.00 in qualifying spend.
 - b. For a new project provide supporting documentation beginning with the highest value line items. Provide documentation in the same order as the investment schedule and only provide \$30,000,000.00 in qualifying spend.
5. Job and wage information
Provide detailed job and wage information.
 - a. For new permanent full-time employees, complete the Job Creation form.
 - b. If any employees will be relocated as a result of the project, provide quarterly payroll reports from the last year for all impacted current permanent full-time employees.
6. Project Narrative
Provide a detailed project narrative. For refurbished applications clearly describe how a minimum of 25,000 square feet was substantially refurbished.

Section IV. Business acknowledgement and certification

Tennessee Warning Notice: We are requesting data from you to determine if you are eligible for an award under the Data Center Sales Tax program. You are not required to provide the requested information, but your failure to do so may result in DEED's inability to evaluate your eligibility for an award pursuant to the criteria developed under the program's enabling legislation and rules. The data you provide to us is classified as private or nonpublic data and cannot be shared without your permission, except as specified by statute or court order.

Data Privacy Notice: Certain data required by this application is classified as private or nonpublic data under Minn. Stat. § 13.591, subd. 1.

Some other data that we collect in this application is classified as private data under Minn. Stat. § 116J.401, subd. 3.

Information Sharing Authorization: To administer the Data Center Sales Tax program, DEED must obtain information about you from the Minnesota Department of Revenue. By signing below, you authorize the exchange of private and/or nonpublic data between the two agencies. This authorization expires upon the conclusion of the subsidy.

Data Privacy Acknowledgement:

1. I acknowledge that I have received and reviewed the following:
 - Revenue Notice #16-07: Sales and Use Tax – Exemptions - Qualified Data Centers;
 - Minnesota Department of Revenue Form ST3, including instructions; and
 - Minnesota Department of Revenue Form ST11, including instructions and sample worksheets.
2. I have read the above statements and I agree to supply the information requested to the Minnesota Department of Employment and Economic Development with full knowledge of the information provided herein.
3. I certify that all information provided herein is true and accurate, to the best of my knowledge.
4. I affirm that, as an officer or authorized agent of the business, I have authority to sign this form on behalf of the company.

Printed name and title: _____

Signature: _____

Date: _____

Minnesota Department of Revenue

Revenue Notice # 16-07: Sales and Use Tax – Exemptions – Qualified Data Centers; Revocation of Revenue Notice # 12-11

Introduction

This Revenue Notice sets out the department's positions regarding the sales tax exemptions under *Minnesota Statutes*, section 297A.68, subdivision 42, for certain purchases for use in a "qualified data center," under the law as amended in 2013 and clarified in 2014. Terms and phrases with quotation marks are as used in section 297A.68, subdivision 42, unless indicated otherwise. This Revenue Notice replaces and revokes Revenue Notice # 12-11.

This notice states below that the exemptions apply to purchases made by a qualifying facility after June 30, 2013. However, if a qualified facility has met the investment and square footage criteria under the 2011 law, then the exemption applies to eligible purchases made after June 30, 2012. Aside from the different exemption date available for purchases, and the different investment criteria and square footage criteria, positions set out in this notice apply equally to facilities qualifying under 2011 law.

I. Enterprise Information Technology Equipment, Software, and Electricity Exemptions

The sales tax exemptions apply to the following purchases made after June 30, 2013:

- (1) Purchases of "enterprise information technology equipment and computer software," including replacements and upgrades, for use in a "qualified data center, or a qualified refurbished data center" (each center hereafter will be referred to as either a "facility" or a "qualified facility").

The purchaser of exempt equipment and software must first pay the sales tax, and then once the facility is certified by Minnesota Department of Employment and Economic Development (DEED) as a qualified facility (as described below), the "owner of the qualifying business" may apply for a refund of the sales tax paid on the purchases, within 3-1/2 years from the invoice date. If the tax was paid by a contractor, subcontractor, or builder, then that person must furnish to the owner of the qualifying business a statement which includes "the cost of the exempt items and the taxes paid on the items," so that the owner may apply for the refund. See *Minnesota Statutes*, sections 297A.75, 289A.40, and 289A.50.

- (2) Purchases of electricity used or consumed in the operation of the qualified facility, upon providing a fully completed exemption certificate, Form ST3, to the purchaser's utility provider.

To qualify for the exemptions, the facility must be used to house "enterprise information technology equipment" (as defined in *Minnesota Statutes*, section 297A.68, subdivision 42); must have met the stated investment threshold and the required square footage; and must have

“(i) uninterruptible power supplies, generator backup power, or both; (ii) sophisticated fire suppression and prevention systems; and (iii) enhanced security.”

The exemptions end either 20 years from the date of the first purchase of enterprise information technology equipment and computer software for use in a qualified facility, or by July 1, 2042, whichever is earlier.

II. DEED Certifies that Investment and Square Footage Requirements are Met

DEED certifies to the Department of Revenue when a facility qualifies for the exemptions by meeting the investment thresholds and square footage requirements. DEED will look at the total costs of construction or refurbishment, enterprise information technology equipment, and supporting computer software, to determine if the investment threshold is met. Only purchases made after June 30, 2012, count toward the qualifying investment threshold and period, except that costs for computer software maintenance agreements purchased before July 1, 2013, are not includable.

The square footage criteria for a qualified facility is as follows:

- (1) For either a facility that has been constructed or an existing facility that has been “substantially refurbished,” the facility must be located on a single parcel or on contiguous parcels, and be comprised of one or more buildings with a combined square footage of at least 25,000 square feet.
- (2) For a “substantially refurbished” facility at least 25,000 square feet of the facility must have been rebuilt or modified. “Substantially refurbished” means an existing facility has been rebuilt or modified, including installation of enterprise information technology equipment, environmental control, computer software, energy efficiency improvements, or building improvements.
- (3) The facility may include the square footage of the following spaces or facilities as long as they support the operation of the enterprise information technology equipment: office or meeting spaces, and mechanical and other support facilities.

The investment criteria for a qualified facility are as follows:

- (1) For a constructed facility, a \$30,000,000 investment within a 48-month period.
- (2) For a “substantially refurbished” facility, a \$50,000,000 investment within a 24-month period.

Department Position

I. Investment Cost and Period; Qualities and Square Footage

- A. In determining if the dollar threshold has been met within the investment period, only the following are included: construction and refurbishment costs incurred after

June 30, 2012, purchases of enterprise information technology equipment and computer software made after June 30, 2012, and purchases of computer software maintenance agreements made after June 30, 2013.

- B. The months of the investment period must be consecutive months.
- C. The cost of land acquisition, if any, is not included in meeting the dollar threshold.
- D. A qualified facility may include one or more businesses using enterprise information technology equipment. If more than one business using enterprise information technology equipment is located at the facility, either as co-owners or tenants of the building or buildings that constitute the facility, the following applies:
 - 1. Their combined total cost of construction or refurbishment, investment in enterprise information technology equipment, and of computer software must meet the dollar threshold within the corresponding investment period: \$30,000,000 within a 48-month period for a constructed facility; and \$50,000,000 within a 24-month period for a “substantially refurbished” facility.
 - 2. The investment period for all co-owners or tenants begins when the initial purchase and investment is made by any of the co-owners or tenants.
- E. The square footage must be documented and the computation of the square footage must follow industry standards.
- F. Mechanical and other support facilities are “in support of the operation of the enterprise information technology equipment” if their function is to control, direct, maintain, manage, monitor, regulate or service the enterprise information technology equipment, or to allow staff to carry out these functions. If so, their square footage may be included to determine if the facility meets the minimum square footage criteria.
- G. Office or meeting spaces are “in support of the operation of the enterprise information technology equipment” if their function is to allow staff to control, direct, maintain, manage, monitor, regulate, or service the enterprise information technology equipment, or to provide training, discussions, performance evaluation and enhancement, and other similar activities to ensure the optimum operation of the enterprise information technology equipment. If so, their square footage may be included to determine if the facility meets the minimum square footage criteria.

II. Purchases of Items that Meet Investment Thresholds or are Used within Spaces that Support the Operation are not Automatically Exempt

- A. Costs of enterprise information technology equipment and software purchased after June 30, 2012, will count toward meeting the investment threshold (except that software maintenance agreements must be purchased after June 30, 2013), but to qualify for the exemption they must be purchased after June 30, 2013.

- B. Costs of constructing or refurbishing a facility will count toward meeting the investment threshold, but the items used in the construction or refurbishment of a facility do not qualify for the exemption unless they are enterprise information technology equipment and software and are purchased after June 30, 2013.
- C. Office or meeting spaces that support the operation of the enterprise information technology equipment will count toward meeting the square footage requirement, but the purchases of furniture and equipment used in the office or meeting spaces (e.g., tables, chairs, and photocopiers) do not qualify for the exemption.

III. Substantially Refurbished

- A. The terminology “refurbished” and “rebuilt or modified” both mean that the facility has been repaired, remodeled, or altered. This refurbishment may include, but is not limited to, upgrading, expanding, or retrofitting enterprise information technology equipment and its supporting infrastructure and systems, as well as significant interior or exterior structural modification.
- B. Making cosmetic changes to the interior or exterior appearance of a building (e.g., painting office space walls) does not constitute a “substantially refurbished” facility or a “building improvement.” Space which has been changed cosmetically and has not otherwise been repaired, remodeled or altered will not be included in the minimum square footage for determining if the facility has been substantially refurbished.

IV. Electricity Exemption

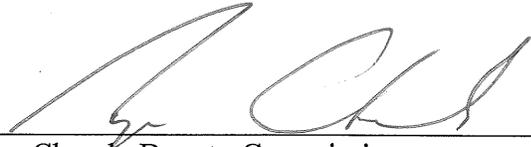
- A. Electricity used or consumed in operation of the facility is exempt once the facility is certified by DEED as a qualified facility, and not before.
- B. Once a facility is qualified, electricity that is used or consumed in the operation of a qualified facility, is exempt from sales tax to the extent it is used as follows:
 - 1. To operate “(i) uninterruptible power supplies, generator backup power, or both; (ii) sophisticated fire suppression and prevention systems; and (iii) enhanced security”;
 - 2. To operate enterprise information technology equipment; or
 - 3. As used in office and meeting spaces, and mechanical and other support facilities, to support the operation of the enterprise information technology equipment in the facility.
- C. Once a facility is certified by DEED as a qualified facility, any business that pays for the electricity used or consumed in the operation of the qualified facility may purchase it exempt from sales tax, and is not itself required to be a qualified facility.

- D. While the use of separate meters that solely measure the electricity for qualifying uses and spaces is preferable, the department will accept a valid energy audit conducted by a qualified energy audit engineer or consultant, or other reasonable methods, to determine the portion of the total electricity that is used for qualifying uses and spaces at the qualified facility.
- E. When the business provides a fully completed exemption certificate, Form ST3, to its utility provider, it must indicate on the form the percentage of the total electricity in the qualified facility that qualifies for the exemption.
- F. The sales tax exemption for electricity does not apply to other utilities. Services other than electricity—for example, natural gas, water, or telecommunications services—are not included in this exemption.
- G. The Department will allow a refund claim for sales tax paid on electricity only to the extent the electricity was used or consumed after the date the facility became a qualified facility.

V. Refunds—Processing Claims and “Owner of the Qualifying Business”

- A. The “owner of the qualifying business,” as that term is used in *Minnesota Statutes*, section 297A.75, subdivision 2, clause (7), is one of the following:
 - 1. Where the qualified facility is used to house “enterprise information technology equipment” and all of that equipment is owned by one person, that person is the “owner of the qualifying business” and may apply for a refund of the tax paid on that equipment and related software.
 - 2. Where the qualified facility is used to house multiple and distinct “enterprise information technology equipment,” and different enterprise information technology equipment is owned by different persons, each person is the “owner of the qualifying business” for purposes of applying for a refund of the sales tax paid on the equipment and its related software that are owned by that person.
- B. For purposes of processing the refund claim, the department will presume the sales tax was reported on a sales tax return for the month corresponding with the date of the purchase of enterprise information technology equipment and computer software, based on the date of the invoice or billing statement.

Publication Date: 10-10-2016



Ryan Church, Deputy Commissioner

Sales and Use Tax Refund Request and Multiple Period Amended Return

| | | | | | |
|-----------------------------|--|-------|-------|--------------------------------|----------|
| Business Information | Business name | | | Minnesota tax ID | |
| | Address | | | Period covered by this request | |
| | City | | | From | Through |
| | Main business address in Minnesota (if different from above) | | | State | ZIP code |
| | City | | | State | ZIP code |
| | Name of person to contact about this request | Title | Phone | Email | |

Type of request you are filing (select all that apply):

Purchaser refunds

- Sales tax paid in error to a vendor
- Construction exemptions for special projects under M.S. 297A.71
Project Type from statute _____
- Greater Minnesota Job Expansion
- Job Opportunity Building Zone (JOBZ)
- Qualified Data Center

Capital equipment refund

Multiple period amended return

Worksheet
Create and attach a supporting worksheet for each type of request (see pages 2 - 5 of the instructions).

Business Description
Describe your business and the reason for your request.

Refund/ Amt. Due
Total Refund or Amount Due

Refund requested Additional tax due\$ _____

Signature

I declare that this form and supporting documentation is correct and complete to the best of my knowledge and belief. A request for refund filed by a corporation must bear the original signatures and titles of the officers having the authority to sign for the corporation.

| | | | |
|--|----------------------------------|------|----------------|
| Signature of taxpayer or authorized representative | Title | Date | Phone |
| Preparer signature | Preparer Minnesota tax ID number | Date | Preparer Phone |

Send us Form ST11, your worksheet(s), and supporting documents:
Mail: Minnesota Revenue
 525 Lake Avenue South, Suite 405
 Duluth, MN 55802
Email: salesuse.claim@state.mn.us

Instructions for Form ST11

When should I use this form?

- You paid too much sales tax and you want a refund.
- The law required you to pay sales tax but now you can get a refund.
- You want to make changes to multiple returns because you paid the wrong amount of sales tax.

This form replaces forms ST11P, ST11-PUR, and ST11-UL.

Note:

- You must be registered for sales or use tax.
- Refunds of sales tax paid in error must be over \$500. If you're requesting \$500 or less, request the refund from your vendor.
- You can only file two of each type of purchaser refund requests and two capital equipment refund requests per calendar year.

How long do I have to file?

Generally,

- If you paid sales tax on a purchase, you have 3 ½ years from the 20th day of the month following the purchase invoice date.
- If you accrued use tax on the purchase, you have 3 ½ years from the original tax return due date.
- If you signed a waiver (Form ST21, *Consent to Extend Statute*), follow that deadline.

See *Instructions and Sample Worksheets*, starting on page 2, for exceptions.

How do I fill out the form?

1. Enter your business information

- If your Minnesota tax ID number changed during the request period, file a separate form for each ID number.

2. Choose the type of request

- Choose all that apply.
- You can find instructions for each type of request on the following pages.

3. Create a worksheet

- Create a worksheet listing the items you are requesting a refund for. See pages 2 -5 for instructions and sample worksheets.
- If you want to make more than one request on the same form, you must complete a separate worksheet for each type of request.

4. Indicate the total refund or amount due

- Total the amounts from all worksheets.
- If your amended return results in an amount due, you may make a payment by logging into e-Services. Follow the instructions for making a payment for an amended return. Apply the payment to the last period being amended. We will bill you for additional amounts due.

What happens next?

We may ask for additional information, such as:

- Copies of exemption certificates
- Copies of vendor invoices
- Backup documentation for your sales and use tax returns

Once we review your request, we will send you a letter letting you know if we approved or denied the request.

If your request is approved and:

- You do not owe other taxes, we will send you a refund of the tax plus any applicable interest.
- You owe other government debts, we will use your refund to reduce or pay your balance due. Once your taxes are paid in full, we will send you the remaining refund amount.
- You received a refund from us and a vendor refunded you for the same item, you must return the refund we gave you.

Questions?

Call 651-296-6181 or 1-800-657-3777 (from greater Minnesota).

Instructions and Sample Worksheets

Sales Tax Paid in Error to a Vendor

If you charged sales tax to your customers or accrued use tax in error, you can't request a purchaser refund. File an amended return in e-Services, or see the instructions for filing a multiple period return.

Sample Worksheet for Sales Tax Paid in Error to a Vendor

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Mo/yr tax was paid | Purchase price paid | Total tax paid | MN tax | St. Cloud area tax | Reason for request |
|--------------|----------------|-----------------|--|--------------------|---------------------|-----------------|-----------------|--------------------|---|
| 3/14/15 | 7026 | XYZ Corporation | Lubricants | 3/15 | \$1000 | \$78.75 | \$68.75 | \$5.00 | Consumed in industrial production |
| 3/22/15 | 7050 | XYZ Corporation | Product Labels | 4/15 | \$2500 | \$196.88 | \$171.88 | \$12.50 | Product ID labels used in industrial production |
| 2/21/16 | 1371 | ABC of St. Paul | Brochures - 95% exempt sent out of state | 2/16 | \$5000 | \$393.75 | \$343.75 | \$25.00 | 95% of advertising is used outside MN |
| TOTAL | | | | | \$8500 | \$669.38 | \$584.38 | \$42.50 | |

Construction Exemption for Special Projects

This is a limited exemption. See Minnesota Statutes 297A.71 for a list of qualifying projects.

If a contractor paid tax, provide a statement showing the amount of sales or use tax each contractor paid.

Sample Worksheet for Construction Exemptions

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Specify sales or use tax | Mo/yr tax was paid | Purchase price paid | Total tax paid | MN tax | Rochester tax | Olmsted County Transit tax |
|--------------|----------------|------------------------|----------------|--------------------------|--------------------|---------------------|-----------------|-----------------|----------------|----------------------------|
| 7/23/15 | 741 | Construction Supply Co | Lumber | Sales | 7/15 | \$5,000 | \$381.25 | \$343.75 | \$25.00 | \$12.50 |
| 9/10/15 | 6832 | XYZ Builders | Tile | Sales | 9/15 | \$2,500 | \$190.63 | \$171.88 | \$12.50 | \$6.25 |
| 4/16/16 | 5589 | ABC Supplies | Paint | Sales | 4/16 | \$1,000 | \$76.25 | \$68.75 | \$5.00 | \$2.50 |
| TOTAL | | | | | | \$8,500 | \$648.13 | \$584.38 | \$42.50 | \$21.25 |

Greater Minnesota Job Expansion

If you have a certified facility with a Business Subsidy Agreement (BSA), use this form to request a refund. If a contractor paid tax, provide a statement showing the amount of sales or use tax each contractor paid.

Sample Worksheet for Greater Minnesota Job Expansion

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Specify sales or use tax | Mo/yr tax was paid | Purchase price paid | Total tax paid | MN tax | Worthington tax |
|--------------|----------------|-----------------|----------------|--------------------------|--------------------|---------------------|----------------|----------------|-----------------|
| 7/14/16 | 1432 | XYZ Corporation | Lubricants | Sales | 7/16 | \$100 | \$7.38 | \$6.88 | \$0.50 |
| 12/22/15 | 651 | XYZ Corporation | Paint Supplies | Sales | 12/15 | \$250 | \$18.44 | \$17.19 | \$1.25 |
| 6/21/16 | 976 | ABC of St. Paul | Lumber | Sales | 6/16 | \$500 | \$36.88 | \$34.38 | \$2.50 |
| TOTAL | | | | | | \$850 | \$62.70 | \$58.45 | \$4.25 |

Job Opportunity Building Zone (JOBZ)

If you have a JOBZ business, use this form to request a refund for taxes paid on construction materials and supplies to construct real property in the Zone. If a contractor paid tax, provide a statement showing the amount of sales or use tax each contractor paid.

Sample Worksheet for JOBZ

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Specify sales or use tax | Mo/yr tax was paid | Purchase price paid | Total tax paid | MN tax |
|--------------|----------------|-----------------|-------------------------|--------------------------|--------------------|---------------------|----------------|---------------|
| 3/7/15 | 26088 | Forklift Co Inc | Forklift hydraulic hose | Sales | 3/15 | \$58.00 | \$3.99 | \$0.27 |
| 6/25/15 | 66645 | ABC Supply Co | Shelving | Sales | 6/15 | \$325.00 | \$22.34 | \$1.54 |
| 8/22/15 | 100245 | XYZ Leasing | Canon printer lease | Sales | 8/15 | \$250.00 | \$17.19 | \$1.18 |
| TOTAL | | | | | | \$633.00 | \$43.52 | \$2.99 |

Instructions and Sample Worksheets *(continued)*

Qualified Data Center

If you own a data center certified by DEED or own software in a certified facility, use this form to request a refund for tax paid on enterprise information technology equipment, computer software, and computer software maintenance agreements used in the center. If a contractor paid sales or use tax, provide a statement to show the amount of tax each contractor paid.

Where multiple persons own different enterprise technology equipment and software in the center, each must request a refund for tax paid on the equipment and software owned by that person.

When do I begin qualifying for the exemption?

Depending on when the qualified data center met the threshold requirements, determines what purchases of enterprise information technology equipment and computer software qualify for the exemption.

| When did the data center meet the threshold requirements? | The exemption applies to purchases made after |
|---|---|
| Under the original thresholds enacted in 2011 | June 30, 2012 |
| Under the amended thresholds enacted in 2013 | June 30, 2013 |

However, for computer software maintenance agreements, the exemption applies to purchases after June 30, 2013.

When does this exemption expire?

The exemption ends either:

- 20 years from the date of the first purchase of “enterprise information technology equipment and computer software for use in a qualified data center”, or
- By June 30, 2042, whichever is earlier.

Sample Worksheet for Qualified Data Center

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Specify sales or use tax | Mo/yr tax was paid | Purchase price paid | Total tax paid | MN tax | Transit improvement tax | Detailed description of how equipment is used |
|--------------|----------------|--------------|-----------------------------|--------------------------|--------------------|---------------------|------------------|------------------|-------------------------|---|
| 12/14/14 | 6813 | ABC Power | Generators | Sales | 12/14 | \$6,000 | \$427.50 | \$412.50 | \$15.00 | Used for backup power distribution |
| 6/1/15 | 4975 | A Storage Co | Racking System | Sales | 6/15 | \$3,000 | \$213.75 | \$206.25 | \$7.50 | Holds servers and ensures proper operating temperatures |
| 9/4/16 | 3357 | ABC Power | Cables | Use | 9/16 | \$3,500 | \$249.38 | \$240.63 | \$8.75 | Connects servers to computers |
| 6/5/16 | 7026 | IT Co | Storage networking software | Sales | 6/16 | \$83,300 | \$5,935.13 | \$5,726.88 | \$208.25 | Mainframe server software |
| TOTAL | | | | | | \$95,800 | \$6825.76 | \$6586.26 | \$239.50 | |

In addition to the worksheet, please attach:

- Certification letter from DEED
- Project description
- Documentation to verify the location of software and hardware, if necessary
- Copies of your use tax accruals if you paid use tax

If you own the facility, also attach:

- Description of any office space, meeting space, and mechanical facilities included in project square footage
- Date of first qualifying purchases

If you lease space within a qualifying facility, also provide:

- An agreement or substantiation of the tenant relationship with the owner

Instructions and Sample Worksheets *(continued)*

Capital Equipment Refund

Use this form to request a refund for qualifying capital equipment that you buy or lease for use in Minnesota. For more information on what qualifies for the capital equipment refund, see Fact Sheet 103, *Capital Equipment*.

Note: Starting July 1, 2015, capital equipment may be purchased exempt.

In addition to the worksheet, please attach:

- Copies of the entire lease(s) involved
- One invoice for each lease(s) involved from the claim period showing the tax
- Copies of your use tax accruals if you paid use tax on the capital equipment (for example, use tax worksheets)

Sample Worksheet for Capital Equipment

The examples are for reference only. Add a column for each local tax.

| Invoice date | Invoice number | Project, Lease, or Serial Number | Vendor name | Equipment purchased | Specify sales or use tax | Mo/yr tax was paid | Purchase price | Total tax paid | MN tax | Mankato tax | Detailed description of how equipment is used |
|--------------|----------------|----------------------------------|-----------------|------------------------------|--------------------------|--------------------|--------------------|-------------------|-------------------|-----------------|---|
| 3/14/14 | 7026 | 30-166 | XYZ corp | EDM Machine | sales | 3/14 | \$57,500.00 | \$4,096.88 | \$3,953.13 | \$143.75 | Custom shapes molds for making products |
| 3/22/14 | 7050 | 30-166 | XYZ Corp | Chuck | use | 4/14 | \$975.00 | \$69.47 | \$67.03 | \$2.44 | For use with EDM machine |
| 2/21/14 | 1371 | 30-171 | ABC of St. Paul | Microscopic Inspection mach. | sales | 2/14 | \$500.00 | \$35.63 | \$34.38 | \$1.25 | Used to inspect completed aluminum castings |
| 2/25/15 | 186286 | 22097456 | 123 Company | Lathe | sales | 3/15 | \$34,348.00 | \$2,447.30 | \$2,361.43 | \$85.87 | Shapes molds to be used to make castings |
| 2/12/15 | 1371 | 398543 | MNO of MN | Computer and CAM software | sales | 2/15 | \$4,717.82 | \$336.14 | \$324.35 | \$11.79 | Used to program lathe |
| TOTAL | | | | | | | \$98,040.82 | \$6,985.42 | \$6,740.32 | \$245.10 | |

Multiple Period Amended Return

When you make an error on your sales and use tax return, you must file an amended return to correct the error. You can use this form if you paid too much or too little. Only use this form to fix multiple sales and use tax returns at the same time. If you need to adjust a single return, visit our website at www.revenue.state.mn.us.

If the return you amend was filed late, penalty and interest will apply to any additional amount you owe.

Do not use an amended return to make adjustments for bad debt, cash or credit refunds, or returned checks. Report these adjustments on a current return.

Sample Worksheet for Multiple Period Amended Returns

The examples are for reference only. Add a column for each local tax.

| Invoice Date | Invoice Number | Vendor Name | Item Purchased | Specify sales or use tax | Period Amended | Purchase Price | Total Tax Change | Change in Minnesota Tax | Change in Transit Improvement Tax | Reason for Request |
|--------------|----------------|---------------|-------------------------------|--------------------------|----------------|----------------|------------------|-------------------------|-----------------------------------|---|
| 6/5/2016 | 7026 | XYZ Corp | EDM Machine | use | 6/2016 | (\$57,500.00) | (\$4,096.88) | (\$3,953.13) | (\$143.75) | Use tax paid in error on exempt capital equipment |
| 7/15/2016 | 7050 | ABC Computers | Computer | use | 7/2016 | (\$975.00) | (\$69.47) | (\$67.03) | (\$2.44) | Use tax paid twice on the same item |
| 7/19/2016 | 1371 | Office.com | Office Paper | use | 7/2016 | \$250.00 | \$15.14 | \$14.61 | \$0.53 | Use tax due on office supply purchase |
| 9/20/2016 | 5121 | Software LLC | Optional Software Maintenance | use | 9/2016 | (\$2,000.00) | (\$114.00) | (\$110.00) | (\$4.00) | Optional Software maintenance taxable at 20% |

Utilities Refund

If you are a utility service provider, you can use the Multiple Period Amended Sales and Use Tax Return to claim refunds of Minnesota and local taxes paid for customers who claim tax exemption after they pay. You must provide a separate worksheet for a utilities refund.

You must return sales tax collected in error to your customer within 60 days of receiving the refund.

Sample Worksheet for Utilities Refund

The examples are for reference only. Add a column for each local tax.

| Month tax was invoiced | Period amended | Specify sales or use tax | Change in taxable amount | Minnesota Tax | Hennepin County tax | Transit Improvement Tax | Minneapolis Tax |
|------------------------|----------------|--------------------------|--------------------------|------------------|---------------------|-------------------------|-----------------|
| 7/15 | 8/15 | sales | -\$3636.00 | -\$250.00 | -\$5.45 | -\$9.09 | |
| 9/15 | 9/15 | sales | -\$6240.00 | -\$429.00 | -\$9.36 | -\$15.60 | |
| 10/15 | 10/15 | sales | -\$1004.00 | -\$69.00 | | | -\$10.04 |
| | | | REFUND | -\$742.00 | -\$14.81 | -\$24.69 | -\$10.04 |
| | | | TAX DUE | | | | |

Note: We may request additional invoice level detail, if necessary.

Certificate of Exemption

Purchaser: Complete this certificate and **give it to the seller.**

Seller: If this certificate is not fully completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked, and remains in force as long as the purchaser continues making purchases, or until otherwise cancelled by the purchaser.

Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____.

If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make multiple purchases for a specific job. Enter the exempt entity name and specific project:

Exempt entity name _____ Project description _____

| | | | | |
|---------------|---|------------|---|----------------------------|
| Type or print | Name of purchaser _____ | | | |
| | Business address _____ | | City _____ | State _____ Zip code _____ |
| | Purchaser's tax ID number _____ | | State of issue _____ | |
| | If no tax ID number, enter one of the following: | FEIN _____ | Driver's license number/State issued ID number state of issue _____ number _____ | |
| | Name of seller from whom you are purchasing, leasing or renting _____ | | | |
| | Seller's address _____ | | City _____ | State _____ Zip code _____ |

Type of business.

- | | | |
|------------------|--|--|
| Type of business | <input type="checkbox"/> 01 Accommodation and food services | <input type="checkbox"/> 11 Transportation and warehousing |
| | <input type="checkbox"/> 02 Agricultural, forestry, fishing, hunting | <input type="checkbox"/> 12 Utilities |
| | <input type="checkbox"/> 03 Construction | <input type="checkbox"/> 13 Wholesale trade |
| | <input type="checkbox"/> 04 Finance and insurance | <input type="checkbox"/> 14 Business services |
| | <input type="checkbox"/> 05 Information, publishing and communications | <input type="checkbox"/> 15 Professional services |
| | <input type="checkbox"/> 06 Manufacturing | <input type="checkbox"/> 16 Education and health-care services |
| | <input type="checkbox"/> 07 Mining | <input type="checkbox"/> 17 Nonprofit organization |
| | <input type="checkbox"/> 08 Real estate | <input type="checkbox"/> 18 Government |
| | <input type="checkbox"/> 09 Rental and leasing | <input type="checkbox"/> 19 Not a business (explain) _____ |
| | <input type="checkbox"/> 10 Retail trade | <input type="checkbox"/> 20 Other (explain) _____ |

Reason for exemption.

- | | | |
|----------------------|--|--|
| Reason for exemption | <input type="checkbox"/> A Federal government (department) _____ | <input type="checkbox"/> J Agricultural production |
| | <input type="checkbox"/> B Specific government exemption (from list on back) _____ | <input type="checkbox"/> K Industrial production/manufacturing |
| | <input type="checkbox"/> C Tribal government (name) _____ | <input type="checkbox"/> L Direct pay authorization |
| | <input type="checkbox"/> D Foreign diplomat # _____ | <input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically) |
| | <input type="checkbox"/> E Charitable organization # _____ | <input type="checkbox"/> N Direct mail |
| | <input type="checkbox"/> F Educational organization # _____ | <input type="checkbox"/> O Other (enter number from back page) _____ |
| | <input type="checkbox"/> G Religious organization # _____ | <input type="checkbox"/> P Percentage exemption |
| | <input type="checkbox"/> H Resale | <input type="checkbox"/> Advertising (enter percentage) _____ % |
| | <input type="checkbox"/> I Capital Equipment | <input type="checkbox"/> Utilities (enter percentage) _____ % |
| | | <input type="checkbox"/> Electricity (enter percentage) _____ % |

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

| | | | | |
|-----------|---|-----------------------|-------------|------------|
| Sign here | Signature of authorized purchaser _____ | Print name here _____ | Title _____ | Date _____ |
| | | | | |

Exemption descriptions

See the Form ST3 instructions and exemption descriptions for more information about the following exemptions.

Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

A. Federal government

Fill in department.

B. Specific government exemption

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items
- Firefighter equipment
- Hospitals
- Libraries
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Local governments
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government

Fill in the name of the Tribe.

D. Foreign diplomat

Fill in the number issued to the foreign diplomat.

E. Charitable organization

Organizations that operate exclusively for charitable purposes.

F. Educational organization

Schools, school districts, scouts, youth groups, etc.

G. Religious organization

Churches and other religious organizations.

H. Resale

Items or services purchased for resale.

Liquor retailers cannot sell alcoholic beverages exempt for resale.

M.S.340A.505

I. Capital equipment

Beginning July 1, 2015. Machinery and equipment purchased or leased primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process.

J. Agricultural production

Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

K. Industrial production

Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

L. Direct pay

Direct pay authorization issued by the Department of Revenue. Cannot be used for meals, lodging and most services.

M. Multiple points of use

Beginning July 1, 2013. Services, digital goods, or electronically delivered computer software concurrently available for use in more than one taxing jurisdiction at the time of purchase.

N. Direct mail services

O. Other exemptions

1. Aggregate delivered by a third party hauler to be used in road construction
2. Airflight equipment
3. Ambulances
4. Aquaculture production equipment
5. Automatic fire-safety sprinkler systems
6. Coin-operated entertainment and amusement devices
7. Construction exemption for special projects under M.S. 297A.71
8. Exempt publications
9. Farm machinery
10. Handicapped accessible (building materials)
11. Handicapped accessible (vehicle costs)
12. Horse materials
13. Hospitals and outpatient surgical centers
14. Instructional materials for post-secondary school students

15. Instrumentalities of each and all the states
16. Job opportunity building zones (JOBZ)
17. Logging equipment
18. Materials used for business in a state where no sales tax applies
19. Materials used to provide taxable services
20. Medical supplies for a health-care facility
21. Motor carrier direct pay (MCDP) authorization
22. Nonprofit snowmobile clubs
23. Nursing homes and boarding care homes
24. Packing materials used to ship household goods outside Minnesota
25. Poultry feed
26. Prizes used for games at fairs or other events lasting fewer than six days
27. Purchasing agent agreement with exempt organization
28. Repair or replacement parts used in another state/country as part of a maintenance contract
29. Resource recovery facility authorization
30. Senior citizen group (exempt status authorization required)
31. Ship replacement parts and lubricants
32. Ski area items
33. Solar energy systems
34. Taconite production items
35. Telecommunications, cable television and direct satellite equipment **This exemption was not in effect from July 1, 2013 through March 31, 2014.**
36. Textbooks
37. Tribal government construction contract
38. TV commercials
39. Veteran organizations
40. Waste-management containers and compactors
41. Wind energy conversion systems and materials used to construct, install, repair or replace them.
42. Preexisting construction contracts and bids.
43. Lump-sum construction contracts — temporary exemption for new local tax on building materials

P. Percentage exemptions

- Advertising materials for use outside Minnesota or local taxing area.
- Utilities used in agricultural or industrial production.
- Electricity used in the operation of qualified data centers.

Certificate of Exemption

Form ST3 instructions and exemption descriptions

Forms and fact sheets are available on our website at www.revenue.state.mn.us.

Purchasers

Complete this certificate and give it to the seller. Do not send it to the Department of Revenue.

You must include your Minnesota tax identification number if you have one.

Warning to purchaser: Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

Sellers

Keep this certificate as part of your records. Accepting a fully completed exemption certificate relieves you from collecting the tax. If this certificate is not fully completed, you must charge sales tax. You may be required to provide this exemption certificate (or the data elements required on the form) to the state to verify this exemption.

Exemption descriptions

Use Form ST3, Certificate of Exemption, to claim the following exemptions. Fact sheets are available for some of the items as noted. Contact our office for details about other exemptions not listed here.

A. Federal government. The seller must obtain a purchase order, payment voucher, work order, a fully completed Form ST3 or similar documentation to show the purchase was from the federal government.

B. Specific government exemptions. Fill in the title from the list below. For more information, see *Fact Sheet 142, Sales to Governments*, and/or *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment*. Also *Fact Sheet 139, Libraries*, and *Fact Sheet 176- Local Governments- Cities, Counties, and Townships*.

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items

Rev. 6/14

- Firefighter equipment
- Hospitals
- Libraries
- Local Governments
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government. All sales to Indian tribal governments are exempt.

D. Foreign diplomat. Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. Fill in the number issued to the foreign diplomat.

E. Charitable organizations. Must be operated exclusively for charitable purposes. You must apply for and receive exempt status authorization from the Department of Revenue. (Some nonprofit organizations do not qualify for sales tax exemption.) Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

F. Educational organizations. Schools and school districts operated exclusively for educational purposes must use Form ST3 on qualifying purchases. 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 apply for exempt status authorization from the Department of Revenue and use Form ST3 on qualifying purchases. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to

December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

G. 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. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

H. Resale. Items or services must be purchased for resale in the normal course of business.

I. Capital Equipment. Machinery and equipment purchased or leased primarily for manufacturing, fabricating, mining, or refining tangible personal property to be sold ultimately at retail if the machinery and equipment are essential to the integrated production process.

J. Agricultural production. Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 100, Agricultural Production*.

K. Industrial production. Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 145, Industrial Production*.

L. Direct pay. Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify and must apply for and receive direct pay authorization from the Department of Revenue.

Continued

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

M. Multiple points of use. Taxable services, digital goods, or electronically delivered computer software that is concurrently available for use in more than one taxing jurisdiction at the time of purchase. Purchaser is responsible for apportioning and remitting the tax due to each taxing jurisdiction.

N. Direct mail. Allows the buyer to pay sales tax on direct mail directly to the state instead of to the seller. Direct mail is printed material that meets the three following criteria:

- it is delivered or distributed by U.S. Mail or other delivery service;
- it is sent to a mass audience or to addresses on a mailing list provided by the purchaser or at the direction of the purchaser; and
- the cost of the items is not billed directly to recipients.

O. Other exemptions

- 1. Aggregate delivered by a third party hauler to be used in road construction.** Beginning July 1, 2008, charges for delivery of aggregate materials by third party haulers are exempt if the aggregate will be used in road construction.
- 2. Airflight equipment.** The aircraft must be operated under Federal Aviation Regulations, parts 91 and 135.
- 3. Ambulance services** — privately owned (leases of vehicles used as an ambulance or equipped and intended for emergency response). Must be used by an ambulance service licensed by the EMS Regulatory Board under section 144E.10. *Fact Sheet 135, Fire Fighting, Police, and Emergency Equipment.*
- 4. Aquaculture production equipment.** Qualifying aquaculture production equipment, and repair or replacement parts used to maintain and repair it. *Fact Sheet 130, Aquaculture Production Equipment.*
- 5. Automatic fire-safety sprinkler systems.** Fire-safety sprinkler systems and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel or lodging house that contains four or more dwelling units.
- 6. Coin-operated entertainment and amusement devices** are exempt when purchased by retailers who (1) sell admission to places of amusement, or (2) make available amusement devices.
- 7. Construction exemption for special projects under M.S. 297A.71.** Certain purchases for the construction of a specific project or facility are exempt under M.S. 297A.71, such as waste recovery facilities. This exemption does not apply to projects for which you must pay sales or use tax on qualifying purchases and then apply for a refund.
- 8. Exempt publications.** Materials and supplies used or consumed in the production of newspapers and publications issued at average intervals of three months or less. Includes publications issued on CD-ROM, audio tape, etc.
- 9. Farm machinery.** Qualifying farm machinery, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 106, Farm Machinery.*
- 10. Handicapped accessible (residential building materials).** Building materials and equipment purchased by nonprofit organizations if the materials are used in an existing residential structure to make it handicapped accessible, and the homeowner would have qualified for a refund of tax paid on the materials under M.S. 297A.71, subd. 11 or subd. 22. Nonprofit organizations include those entities organized and operated exclusively for charitable, religious, educational or civic purposes; and veteran groups exempt from federal taxation under IRC 501(c)(19).
- 11. Handicapped accessible (vehicle costs).** Conversion costs to make vehicles handicapped accessible. Covers parts, accessories and labor.
- 12. Horse materials.** Covers consumable items such as feed, medications, bandages and antiseptics purchased for horses. Does not cover machinery, tools, appliances, furniture and fixtures. *Fact Sheet 144, Veterinary Practice.*
- 13. Hospitals and outpatient surgical centers.** Sales to a hospital and outpatient surgical center are exempt if the items purchased are used in providing hospital or outpatient surgical services. (M.S. 297A.70, subd. 7)
- 14. Instructional materials** required for study courses by college or private career school students (M.S. 297A.67, subd. 13a)
- 15. Instrumentalities of each and all the states** are exempt from sales tax during their annual meeting on the following items: prepared food, soft drinks, candy, and alcoholic beverages. Effective July 1, 2014 - December 31, 2014.
- 16. Job opportunity building zones (JOBZ).** Applies to all goods and taxable services purchased by a qualified business and primarily used in the zone. Also includes purchases by a qualified business or a contractor of construction materials and supplies to construct improvements to real property if the property is used by a qualified business within the zone.
- 17. Logging equipment.** Qualifying logging equipment, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 108, Logging Equipment.*
- 18. Materials used for business outside Minnesota** in a state where no sales tax applies to such items; or for use as part of a maintenance contract. This exemption applies only if the items would not be taxable if purchased in the other state (e.g., a state that does not have sales tax).
- 19. Materials used to provide taxable services.** Materials must be used or consumed directly in providing services taxable under M.S. 297A.61, subd. 3.
- 20. Medical supplies for a health-care facility.** Purchases by a licensed health care facility, outpatient surgical center or licensed health-care professional of medical supplies used directly on a patient or resident to provide medical treatment. The exemption does not apply to equipment, lab or radiological supplies, etc. *Fact Sheet 172, Health Care Facilities.*
- 21. Motor carrier direct pay (MCDP).** Allows motor carriers to pay tax directly to the state when they lease mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. You must apply for and receive MCDP authorization from the Department of Revenue. *Fact Sheet 107, Interstate Motor Carriers.*

Continued

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

- 22. Nonprofit snowmobile clubs.** Certain machinery and equipment is exempt when used primarily to groom state (or grant-in-aid) trails. Prior certification from DNR must be received.
- 23. Nursing homes and bonding care homes.** Beginning July 1, 2013, sales to nursing homes and boarding care homes are exempt. Nursing homes must be licensed by the state. Boarding care homes must be certified as a nursing facility.
- 24. Packing materials.** Packing materials used to pack and ship household goods to destinations outside of Minnesota.
- 25. Poultry feed.** The poultry must be for human consumption.
- 26. Prizes.** Items given to players as prizes in games of skill or chance at events such as community festivals, fairs and carnivals lasting fewer than six days.
- 27. Purchasing agent.** Allows a business who has been appointed as a purchasing agent by an exempt organization to make purchases exempt from sales tax. All documentation pertaining to the purchasing agent agreement is kept by the purchasing agent to verify exemption.
- 28. Repair or replacement parts used in another state or country** as part of a maintenance contract. This does not apply to equipment or tools used in a repair business.
- 29. Resource recovery facilities.** Applies to equipment used for processing solid or hazardous waste (after collection and before disposal) at a resource recovery facility. You must apply for and receive approval from the Department of Revenue.
- 30. Senior citizen groups.** Groups must limit membership to senior citizens age 55 or older, or under 55 but physically disabled. They *must* apply for and receive exempt status authorization from the Department of Revenue.
- 31. Ship repair or replacement parts and lubricants.** Repair or replacement parts and lubricants for ships and vessels engaged principally in interstate or foreign commerce.
- 32. Ski areas.** Items used or consumed primarily and directly for tramways at ski areas, or in snowmaking and snow-grooming operations at ski hills, ski slopes or ski trails. Includes machinery, equipment, water additives and electricity used in the production and maintenance of machine-made snow.
- 33. Solar energy system** means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other energy using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.
- 34. Taconite production items.** Mill liners, grinding rods and grinding balls used in taconite production if purchased by a company taxed under the in-lieu provisions of M.S. 298 if they are substantially consumed in the production of taconite. *Fact Sheet 147, Taconite and Iron Mining.*
- 35. Telecommunications, cable television and direct satellite equipment** used directly by a service provider primarily to provide those services for sale at retail. *Fact Sheet 119, Telecommunications, Cable Television, Direct Satellite and Related Services.* **This exemption was not in effect from July 1, 2013 through March 31, 2014.**
- 36. Textbooks** required for study to students who are regularly enrolled.
- 37. Tribal government construction contract.** Materials purchased on or off the reservation by American Indian or non-American Indian contractors and subcontractors for use in construction projects on the reservation when the tribe or a tribally owned entity is a party to the contract, and the contract is being undertaken for the purpose of the tribe's welfare. It does not extend to the purchase or lease of equipment or tools for use on the project.
- 38. TV commercials.** Covers TV commercials and tangible personal property primarily used or consumed in pre-production, production or post-production of a TV commercial. Includes rental equipment for preproduction and production activities only. (Equipment purchased for use in any of these activities is taxable.) *Fact Sheet 163, TV Commercials.*
- 39. Veteran organizations.** Limited exemption applies to purchases by veteran organizations and their auxiliaries if they are organized in Minnesota and exempt from federal income tax under IRC Section 501(c)(19); and the items are for charitable, civic, educational or nonprofit use (e.g. flags, equipment for youth sports teams, materials to make poppies given for donations).
- 40. Waste-management containers and compactors** purchased by a waste-management service provider to use in providing waste-management services that are subject to solid-waste management tax.
- 41. Wind energy systems.** Wind energy conversion systems and materials used to construct, install, repair or replace them.
- 42. Preexisting construction contracts and bids.** A contractor is allowed an exemption on certain services or items that become taxable effective July 1. The exemption is for the change in tax on those items or services if purchased during the transition period.
- For construction contracts, (1) the contractors must have documentation of a bona fide written lump-sum or fixed price construction contract in force before July 1; (2) the contract must not provide for allocation of future taxes; and (3) for each contract, the contractor must give the seller documentation of the contract on which an exemption is to be claimed. Deliveries must be made before January 1.
- For construction bids, (1) the building materials or services must be used pursuant to an obligation of a bid or bids, the bid or bids must be submitted and accepted prior to July 1; (2) the bid or bids must not be able to be withdrawn, modified or changed without forfeiting a bond; and (3) for each qualifying bid, the contractor must give the seller documentation of a bid on which an exemption is to be claimed. Deliveries must be made before January 1.

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

43. Construction contracts. When a new local tax is enacted, a contractor is allowed exemption from the new local tax on building materials during the transition period. Contractors must have documentation of a lump-sum contract in force before the new tax begins and deliveries must be made within the specific transition period.

P. Percentage exemptions

- **Advertising materials:** Percentage exemptions may be claimed for advertising materials for use outside of Minnesota or local taxing area. Purchaser must enter exempt percentage on Form ST3. *Fact Sheet 133, Advertising - Creative Promotional Services.*

- **Utilities:** Exemption applies to percent of utilities used in agricultural or industrial production. General space heating and lighting is not included in the exemption. Purchaser must enter exempt percentage on Form ST3. *Fact Sheets 100, Agricultural Production; and 129, Utilities Used in Production.*

- **Electricity:** Exemption applies to percent of electricity used to operate enterprise information technology equipment, or used in office and meeting spaces, and other support facilities in support of enterprise information technology equipment. Purchaser must enter exempt percentage on Form ST3. *Revenue Notice 12-11: Sales Tax - Exemptions - Qualified Data Centers.*

Forms and information

Website: www.revenue.state.mn.us.

Email: SalesUse.Tax@state.mn.us

Phone: 651-296-6181 or 1-800-657-3777