

# Libraries

## Sales Tax Fact Sheet 139

### What's New in 2018

We clarified when sellers are required to collect local sales taxes. See Local Sales and Use Taxes on page 2.

## Purchases

Purchases of tangible items, telecommunication services, and most other services made by the libraries listed below are exempt from sales tax. Libraries must still pay sales or use tax on meals and lodging, and must also pay the solid waste management tax on waste collection and disposal services.

### Qualifying libraries:

- public library systems
- multicounty, multitype library systems
- county law libraries
- the state law library
- state agency libraries
- the legislative reference library

To claim exemption, give the seller a completed Form ST3, *Certificate of Exemption*. Specify the Specific government exemption.

You can get the Form ST3 on our website. Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and type **ST3** into the Search box.

**Motor vehicles** purchased or leased for use as bookmobiles or delivery vehicles are exempt from sales tax.

**Utilities** purchased by a library are exempt. If the library is in a building with other offices and the library doesn't have their own utility meter, only the percentage of utility used by the library is exempt. To claim exemption, give the utility provider a completed Form ST3, *Certificate of Exemption*. Specify the government exemption for libraries.

## Construction contracts

Contractors who do work for libraries must pay tax on all materials used in the construction contract. The library's exempt status may not be used by a contractor to purchase materials exempt from sales tax.

The only time a contractor may purchase materials without paying tax is when the materials are used in a construction contract with an exempt entity and the entity authorizes the contractor as their purchasing agent under specific rules. For more information, see Fact Sheet 128, *Contractors* and Revenue Notice 95-05, *Construction Contracts - Purchasing Agent Exemption*.

## Library Friends groups

Library Friends groups that have exempt status with the Minnesota Department of Revenue may purchase items they donate to the library exempt from sales tax.

The Library Friends group must give their supplier a completed Form ST3, *Certificate of Exemption*.

## Sales and rentals

When a library sells used books, compact discs, DVDs, photocopies, and other items, the library must collect sales tax.

### Late fees

Late fees or penalties for general circulation items are not taxable.

### Rental fees

Rental fees for books, films, or other items are taxable. Any late return fees for these items are taxable as an additional rental charge.

### Equipment sales

Sales or leases of surplus equipment or other items used in a library may be taxable. For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

### **Library cards**

Charges for library cards, including replacement cards, are not taxable.

### **Meeting room rental**

Meeting room rental charges are not taxable.

### **Copies**

Charges for copies are taxable. This is true if the customer or a library employee operates the copy machine.

### **Vending machine sales**

Starting July 1, 2017, the only taxable food sold through vending machines and honor boxes is prepared food, soft drinks, candy and dietary supplements. Previously, all food sold through vending machines and honor boxes was taxable.

Since vending machine receipts include the state and local sales taxes, subtract the sales tax from your receipts before electronically filing your sales and use tax return. For more information, see Fact Sheet 158, *Vending Machines and Other Coin-Operated Devices*.

### **Nonprofit organizations**

If you sell to qualifying exempt organizations, they must give you a completed Form ST3, *Certificate of Exemption*, to make purchases without paying sales tax.

### **Sales to governments**

#### **Federal government**

All sales to the federal government and its agencies are exempt.

#### **State agencies**

The State of Minnesota uses a Direct Pay authorization, which means state agencies do not pay tax to the seller on most purchases. They pay the tax to the Department of Revenue directly.

#### **Local governments**

Most sales to local governments (cities, counties, townships) are exempt. For more information, see the Government – Local Governments Industry Guide.

### **Filing taxes**

You must remit all sales tax collected to the Department of Revenue. You may register to collect Minnesota sales tax on our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us), or by calling our office at 651-282-5225.

### **Local Sales and Use Taxes**

If you are located in or make sales into an area with a local tax, you may owe local sales or use tax. For more information, see Fact Sheet 164, *Local Sales and Use Taxes*.

#### **Legal References**

Minnesota Statutes 297A.61, subd. 34, Taxable food sold through vending machines  
Minnesota Statutes 297A.70, subd. 2(a)(6) Sales to government  
Minnesota Statutes 297B.03, Sales Tax on Motor Vehicles  
Minnesota Rule 8130.6200 Charitable, Religious, and Educational Organizations

#### **Revenue Notices**

95-05, Construction Contracts – Purchasing Agent Exemption

#### **Fact Sheets**

102B, *Candy*  
102C, *Soft Drinks and Other Beverages*  
102D, *Prepared Food*  
102E, *Dietary Supplements*  
128, *Contractors*  
132, *Isolated and Occasional Sales*  
158, *Vending Machines and Other Coin-Operated Devices*  
164, *Local Sales and Use Taxes*

#### **Industry Guides**

Government – Local Governments