

**2011 SALES AND USE TAX LEGISLATIVE BULLETIN**  
**(2011 Regular Session)**

MINNESOTA • REVENUE

Appeals and Legal Services Division  
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Unless otherwise noted, the provisions discussed in this bulletin can be found in 2011 Minn. Laws, Chapter 112.

**Accelerated monthly payment.** Minn. Stat. § 289A.60, subd. 31, paragraph (b), was amended to provide an additional safe harbor for those vendors that, on or before the 20<sup>th</sup> day of the month in which the taxable event occurs, must remit a prepayment of sales tax liabilities for the month in which the taxable event occurs equal to 67 percent of the liabilities for the previous month, including any other tax or fee paid on the same return. The penalty for underpayment will not be imposed if the amount remitted is equal to the liabilities for the month in which the taxable event occurred. Effective for sales and purchases made after June 30, 2011.

**Liquor gross receipts tax administration.** Minn. Stat. § 295.75, subd. 9, was amended to replace an obsolete reference to Minn. Stat. ch. 270 with a reference instead to Minn. Stat. ch. 270C. Effective August 1, 2011. 2011 Minn. Laws, Chapter 76, Article 1, Section 44.

**Aggregate.** Minn. Stat. § 297A.61, subd. 3(g)(5), was amended to clarify that the delivery of concrete block by a third party, where the delivery would be subject to sales tax if provided by the seller of the concrete block, is not excluded from the sales tax. Effective June 1, 2011.

**Rate change transitional language.** Minn. Stat. §§ 297A.62 and 297A.63 were amended to add new subdivisions to provide transitional language for services when there is a rate change and the service covers a period beginning before and ending after the effective date. This change is done for purposes of Streamlined Sales Tax conformity and is similar to previous administrative and legislative practice. This does not have any impact unless there is a future rate change. Effective June 1, 2011.

**Direct mail sourcing.** Minn. Stat. § 297A.668, subd. 7, was amended and a subdivision 7a was added, to distinguish between “advertising and promotional” direct mail and “other direct mail,” for purposes of determining the location of the sale, and therefore to what state or local jurisdiction any applicable tax is owed. The statutory term for this determination is “sourcing.” Under the new subdivision 7a, if the purchaser of “other direct mail” does not provide either a direct pay permit or an exemption certificate claiming direct mail, the seller shall source to the address of the purchaser. In this situation the seller will no longer source either to the delivery destination or to the address from which the mail is shipped. These changes are done for purposes of Streamlined Sales Tax conformity. Effective for sales and purchases made after June 30, 2011.

**Low income housing.** Minn. Stat. § 297A.71, subd. 23, was amended to replace references to the repealed low-income housing property tax provision, Minn. Stat. § 273.126, with its replacement, Minn. Stat. § 273.128. Effective June 1, 2011.

**Direct pay.** Minn. Stat. § 297A.89, subd. 2, was amended to clarify that the commissioner does not issue direct pay exemption certificates to purchasers; rather, purchasers designate their direct pay status on a fully completed exemption certificate that they provide to retailers. Effective June 1, 2011.

**Sales tax on motor vehicle paid to another state.** Minn. Stat. § 297B.08 was amended to clarify that the state rate by which the other state's rate is to be compared for purposes of a credit, is the rate in Minn. Stat. ch. 297B. Effective June 1, 2011.

**St. Paul lodging related services.** 1986 Minn. Laws, Chapter 462, Section 31, as amended by 1991 Minn. Laws, Chapter 291, Article 8, Section 24, regarding the St. Paul local sales tax on lodging at establishments having 50 or more lodging rooms, was amended to clarify that the tax is based on the consideration furnished for not only lodging, but also related services. Effective for sales and purchases made after June 30, 2011.

**Corporate franchise tax and sales tax refund delay.** 2010 Minn. Laws, Chapter 1, Article 13, Section 6, was repealed. That law directed the commissioner of revenue to delay paying \$152 million in corporate franchise tax and sales tax refunds (both regular refunds and capital equipment refunds) until July 1, 2011. Under the repeal, these refunds may be paid in fiscal year 2011, instead of fiscal year 2012. Effective March 22, 2011. 2011 Minn. Laws, Chapter 8, Section 8.