

## **Department of Revenue**

### **Revenue Notice # 08-07: Sales and Use Tax – Lawn and Tree Services – Revocation of Revenue Notice # 04-05**

The application of sales and use tax to lawn, garden, and arborist services is governed by *Minnesota Statutes*, section 297A.61, subdivisions 3(g)(6)(vi) and (4)(f). Under *Minnesota Statutes*, section 297A.67, subdivision 25, lawn care services used in the maintenance of cemetery grounds are exempt.

#### **Lawn Care**

Under *Minnesota Statutes*, section 297A.61, subdivision 3(g)(6)(vi), lawn care services are subject to tax. For purposes of this provision the following definitions apply:

“Lawn” is a tended area of ground covered with grass or other ground cover, and can include, for example, yards, parks and golf courses. However, ditches and medians along roads, freeways, and railroad right-of-ways are not considered lawns.

“Lawn care service” means any business service related to the maintenance of lawns. Lawn care services include services such as: mowing; raking; trimming; watering; fertilizing; killing weeds; insects, rodents, pests, or fungi; spraying; sprigging; and diagnosing the condition of lawns by physical examination of the lawn or of other physical evidence.

#### **Improvement of Real Property**

Under *Minnesota Statutes*, section 297A.61, subdivisions 3(g)(6)(vi) and 4(f), the installation of shrubbery, plants, sod, trees, bushes, and similar items is not taxable because it is considered an improvement to real property. In these situations, the contractor must pay sales or use tax on the cost of all plants, trees, bushes, shrubs, sod, and other materials, supplies, and equipment used to complete the contract.

#### **Maintenance or Removal of Trees, Bushes and Shrubs**

Pruning, bracing, spraying, surgery, or removal of trees, bushes or shrubs (including stumps) are generally subject to sales tax except:

- 1) removal of trees, bushes, or shrubs for construction or maintenance of roads, trails, or firebreaks when purchased by an agency or political subdivision of Minnesota (*Minnesota Statutes*, section 297A.70, subdivision 3); or
- 2) the removal of trees, bushes and shrubs that are purchased by a contractor or subcontractor to develop an undeveloped site for new construction (*Minnesota Statutes*, section 297A.68, subdivision 40).

Tree, bush or shrub removal purchased by a contractor for a site with an existing building which will remain after the development of the site is subject to sales tax (*Minnesota Statutes*, section 297A.68, subdivision 40). For example tree removal by a tree service for the construction of a detached garage is a taxable service.

### Examples of Taxable Services


- Garden tilling and soil preparation;
- Killing lawn or garden weeds, insects, rodents, or fungi;
- Aerating;
- Seeding or planting of garden vegetables or flowers that are not part of a construction contract;
- Dethatching;
- Stump grinding for home or business;
- Picking up pet droppings;
- Reseeding lawns.

### Examples of Non-Taxable Services

- Moving trees or shrubs from one location to another location;
- Cleaning of an outdoor pond;
- Snow shoveling or plowing;
- Applying ice-melt or sand to driveways, sidewalks, or parking lots;
- Initial seeding of lawns.

The following Revenue Notice is hereby revoked:

- Revenue Notice # 04-05: Sales and Use Tax – Lawn Care.

  
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JOHN H. MANSUN, Assistant Commissioner  
for Tax Policy and External Relations

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