

This notice was modified on September 10, 2012.

Department of Revenue

Modification of Revenue Notice # 02-12: Sales and Use Tax – Taxable Delivery Charges – Aggregate Materials

Background

~~Effective July 1, 2002, Minnesota Statutes, section 297A.61, subdivision 3(g)(5), was amended to provide that the delivery of aggregate materials and concrete block, excluding the delivery of aggregate used in road construction is a taxable service. Between December 31, 2001, and July 1, 2002, charges for delivery of aggregate materials and concrete block were only taxable when billed by the seller of the aggregate or blocks. Effective July 1, 2002, delivery charges made by either a seller or a third party deliverer of aggregate or concrete blocks are taxable. However, sellers of aggregate materials or concrete block are not required to collect sales tax on the delivery charges if the aggregate or block are sold under a contract entered into prior to January 1, 2002, and delivered prior to January 1, 2005.~~

Issue

For purposes of Chapter 297A, what materials will be treated as “aggregate materials”?

Department Position

The definition of “aggregate material” found in *Minnesota Statutes*, section 298.75, which imposes a production tax on aggregate material removal, is the definition that will also be used for sales tax purposes. *Minnesota Statutes*, section 298.75, subdivision 1, defines aggregate material as “nonmetallic natural mineral aggregate including, but not limited to, sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway.” The term “gravel” is defined to include crushed rock, sand or pebbles. Stone, boulders, uncrushed rock, rip-rap, crushed granite and crushed limestone would also be considered to be aggregate material. Coarse tailings from taconite plants that are being marketed as aggregate would also be considered to be aggregate materials. Subdivision 1 also provides that aggregate material does not include dimension stone and dimension granite. Aggregate material would also not include dirt, clay, soil, agricultural lime or limestone used in taconite production of flux pellets.

Jennifer L. Engh, Assistant Commissioner

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