

Tribal Governments and Members

Sales Tax Fact Sheet 160

The following information will help to explain how sales tax applies to tribal governments and individual tribal members. If you have further questions that aren't covered in this fact sheet, call our office.

Sales to individual tribal members

Sales made *off* the reservation to an individual tribal member are taxable. Sales made *on* the reservation to a member of that tribe are subject to sales tax only if the Department of Revenue has entered into an agreement with the tribal government.

There are agreements with nine of the tribal governments that specify that Minnesota sales tax is collected and remitted on sales made on the reservation. This is true whether the sale is made by an individual who is not a member of the tribe, business that is not owned by the tribe, an individual member of the tribe, or the tribe itself. If a sale is taxable off the reservation, it is also taxable when made on the reservations listed in the box below.

Sales tax that is collected on these reservations is remitted to the Department of Revenue and a portion is later returned to the tribal governments based on each tribe's agreement.

Bois Forte Chippewa Reservation, Nett Lake
Fond du Lac Chippewa Reservation, Cloquet
Grand Portage Chippewa Reservation, Grand Portage
Leech Lake Chippewa Reservation, Cass Lake
Lower Sioux Reservation, Morton*
Mille Lacs Chippewa Reservation, Vineland*
Shakopee Mdewakanton Sioux Reservation, Prior Lake**
Upper Sioux Reservation, Granite Falls*
White Earth Chippewa Reservation, White Earth

Exceptions

*Telephone service, natural gas, LP gas, electricity, and heating oil are exempt.

** Telephone service, natural gas, LP gas, electricity, and heating oil are exempt; building materials purchased by tribal members and delivered onto the reservation for use by the members on the reservation are exempt.

There is another agreement with the **Red Lake Band of Chippewa Indians**. This agreement specifies that *no* sales tax is collected on any sales occurring on the reservation or delivered by the seller to the Red Lake Reservation.

There is no sales tax agreement in place with the **Prairie Island Sioux** Reservation in Welch. Sales occurring on this reservation, or delivered by the seller onto this reservation, to Prairie Island members who live on the reservation are not subject to Minnesota sales tax.

Sales to tribal governments

All eleven *tribal* governments and any businesses owned by the tribal governments may buy or lease goods, services, and vehicles either on or off the reservation for their own use exempt from sales tax. A purchase order, payment

voucher, or work order showing the tribal government is the purchaser, or an exemption letter to the tribal government from the Department of Revenue is sufficient evidence of exemption.

In addition, construction contractors may buy building materials exempt from sales tax if the *construction contract is with a tribal government* and the contract is for work performed on the reservation. To buy exempt, contractors use a completed exemption certificate (Form ST3). Select the “Tribal Government” exemption.

Vehicles

Sales. Vehicles that require licensing to drive on Minnesota roads are not taxable when sold to members of any Minnesota reservation (all eleven reservations) if both of the following conditions are met:

- the purchaser lives on the reservation and
- the sale occurs on the reservation. A sale occurs on the reservation if papers are signed on the reservation, payment is made on the reservation, or the vehicle is delivered to the purchaser on the reservation.

Leases and rentals. Lease or rentals entered into by members of the nine tribes listed in the box above are subject to the same tax that applies off the reservation to individuals who are not members of a tribe.

Red Lake Chippewa Band and Prairie Island Sioux Reservation. No sales tax applies to long-term vehicle leases (leases for more than 28 days) to tribal members if the tribal member lives on the reservation and the vehicle is principally garaged there. Short-term leases (28 days or less) or rentals of vehicles to tribal members are exempt only if the agreement is entered into on the Red Lake or Prairie Island Reservation.

This fact sheet is a tax information bulletin intended to help you become more familiar with Minnesota tax laws. Nothing contained in this fact sheet supersedes, alters, or otherwise changes any provisions of the Minnesota tax laws, administrative rules, court decisions, or revenue notices.