

**What's New**

We clarified when sellers are required to collect local sales taxes. See Local Sales and Use Taxes on page 3.

New and used logging equipment is exempt from sales and use tax. Logging equipment means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the commercial cutting or removal of timber or other solid wood forest products intended to be sold ultimately at retail, including, but not limited to machinery used for bucking, bunching, debarking, delimbing, felling, forwarding, loading, piling, skidding, topping, and yarding operations performed on timber; and chain saws used for commercial logging.

Principally means the equipment must be used 50% or more of its operating time in commercial cutting or removal of timber.

To purchase exempt, you must give your supplier a completed Form ST3, *Certificate of Exemption*. Specify the Logging equipment exemption.

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**Logging Equipment**

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The following is a representative list of logging equipment, machinery, implements, accessories and contrivances that qualify for the exemption:

- Tree felling devices including tree harvesters, fellers and feller bunchers used principally to sever trees at the stump or accumulate the severed trees at the stump area
- Tree skidding devices including grapple skidders, cable skidders, bunchers and forwarders used principally to transport a severed tree or tree portion from the stump area to a landing site
- Loading devices either portable or truck, stationary or crawler/carrier mounted including boom loaders, front end loaders, grapple loaders and log stackers used primarily in loading, handling or transferring a severed tree or tree portion before removal from the landing site
- Accessory items, such as cables, chains, winches, conveyors, and blades
- Carriers of the above devices and equipment, unless they are required to be registered for road use. (See Vehicles on page 2.)

The exemption also applies to portable logging equipment used in the field such as:

- Chain saws for commercial logging
- Delimbing devices used principally to remove limbs from the bole (trunk) of the tree
- Debarking devices used principally to remove the bark of the tree
- Tree slashing devices used principally to cut trees to designated lengths
- Chipping devices including chip harvesters, tree chippers and brush chippers in conjunction with the commercial cutting or removal of timber
- Screening devices used principally to sort and remove undesirable material from tree chips
- Portable generators for operating logging equipment.

Chain saws used for commercial logging are exempt. Chain saws used to create access roads are taxable, because they are not used *directly* in commercial cutting or removal of timber.

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## Repair and Replacement Parts

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Repair and replacement parts, except tires, used for the maintenance or repair of qualifying logging equipment are not taxable, if the part replaces a part assigned a specific or generic part number by the manufacturer. The purchaser also must be in the commercial logging business. Tires are not included in this exemption.

Items such as batteries, spark plugs, oil filters and other general repair parts qualify for the exemption if they are used to repair qualifying logging equipment.

To purchase repair and replacement parts without paying sales tax, the buyer must give a completed Form ST3, *Certificate of Exemption*. Specify the Logging equipment exemption.

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## Taxable Equipment

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The following equipment is not included in the definition of logging equipment, and is taxable:

- Replacement tires and tubes, including special sized tires, even when used on qualifying logging equipment
- Machinery, equipment, implements, accessories, and contrivances used in the creation of other commercial wood products for resale, including, but not limited to milling, planing, carving, wood chipping, or paper manufacturing.
- Tools, shop equipment and communication equipment
- Motor vehicles registered for road use and subject to the sales tax on motor vehicles
- Road building equipment used to build roads that provide access to timber areas
- Snowmobiles, snow blowers, garden type tractors or garden tillers and the repair and replacement parts for those vehicles and machines

**Supplies, tools** and other items used for logging that do not meet the definition of logging equipment are taxable. Examples are listed in the next columns:

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| • Air compressors   | • Service tanks (for transport of fuel to field)                            |
| • Building materials and supplies   | • Shop equipment  |
| • Garden-type tractors  | • Shovels and spades  |
| • Gasoline or diesel storage tanks  | • Snow blowers  |
| • Gas or diesel powered engines (unless used directly and principally in the commercial cutting or removal of timber) | • Snowmobiles   |
| • Generator units (unless used to generate electricity for operating logging equipment)                               | • Sprayers (high pressure for cleaning equipment)                           |
| • Hand tools  | • Tire changers   |
| • Lighting equipment  | • Tools   |
| • Paint   | • Truck boxes   |
| • Recreational all-terrain vehicles   | • Truck hoists  |
| • Repair equipment  | • Truck racks   |
| • Repair parts for motor vehicles and truck trailers registered for road use  | • Vehicles (including truck trailers) registered for road use               |
| • Safety equipment  | • Vehicles used to transport personnel, equipment, or supplies to the field |
| • Service tank pumps  | • Welding equipment   |

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## Vehicles

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If a vehicle is required to be registered for road use (if it has a license plate), the logging equipment exemption does not apply. You must pay the full 6.5% sales tax on motor vehicles.

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## Fuels

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Logging is industrial production. Fuels used or consumed directly in industrial production equipment are exempt from sales or use tax and also from petroleum taxes. For more information, see the *Petroleum Products* Fact Sheet.

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## Reforestation Devices

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Reforestation devices are not logging equipment. However, reforestation devices including scarifiers, planters, cultivators and brush saws used in reforestation at the stump site including those used for the preparation, seeding or cultivation of the soil and those used to promote tree growth may qualify as exempt farm machinery. For more information, see the *Farm Machinery* Fact Sheet.

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## Local Sales and Use Taxes

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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 the Local Sales and Use Tax Guide.

**Legal References**

- Minnesota Statutes 297A.61, subd. 37
- Minnesota Statutes 297A.69
  - subd. 3, Repair and replacement parts
  - subd. 4, Machinery, equipment, and fencing

**Revenue Notices**

- 98-25, Logging Equipment – Qualifying Equipment

**Fact Sheets**

- Farm Machinery*
- Petroleum Products*
- Sales to Governments*
- Use Tax for Businesses*

**Guides**

- Local Sales and Use Tax