

## Department of Revenue

### Revenue Notice # 12-08: Sales and Use Tax – Exemption for Towns; Revocation of Revenue Notice # 99-16

#### Introduction

During the 2011 Special Session the Minnesota Legislature enacted a new sales tax exemption for towns, found at *Minnesota Statutes*, section 297A.70, subdivision 2(a)(7). For purposes of this exemption, the term “town” includes, and is synonymous with, the term “township” and may be used interchangeably. This new township exemption is effective for sales and purchases made after September 30, 2011.

With the enactment of this sales tax exemption, the specific exemption for township purchases of gravel and road maintenance equipment formerly found at *Minnesota Statutes*, section 297A.70, subdivision 3(a)(9), was repealed as duplicative. Nevertheless, such purchases remain exempt under this new general exemption. This Revenue Notice also repeals Revenue Notice # 99-16, which explained the Department’s position regarding *Minnesota Statutes*, section 297A.70, subdivision 3(a)(9), as this subdivision has now been repealed. This new general exemption does not apply to motor vehicle sales tax under *Minnesota Statutes*, Chapter 297B; however, towns may continue to purchase snowplows and dump trucks used for road maintenance exempt as provided in *Minnesota Statutes*, section 297B.03, clause (10).

#### Department Position

The sales tax exemption at *Minnesota Statutes*, section 297A.70, subdivision 2, allows towns to purchase tangible personal property and services taxable under *Minnesota Statutes*, Chapter 297A, exempt with certain exceptions listed in subdivision 2(b). Among these exceptions, towns may not purchase exempt from sales tax goods and services that are inputs to goods and services generally provided by a private business, which would be taxable to a private business. The list of goods or services generally provided by private business includes, but is not limited to, “goods or services provided by liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes and laundromats.” By contrast, a list of goods and services generally provided by private business does not include, “housing services, sewer and water services, wastewater treatment services, ambulance services, public safety services, correctional services, chore or homemaking services provided for the elderly or disabled, road and street maintenance services or lighting.” See *Minnesota Statutes*, 297A.70, subdivision 2(d). Therefore towns may purchase exempt inputs to goods and services to provide housing services, sewer and water services, wastewater treatment services, ambulance services, public safety services, correctional services, chore or homemaking services for the elderly or disabled, road and maintenance services or lighting. This exemption does not extend to purchases made by contractors performing services on behalf of the town. In order to purchase qualifying goods and services exempt, a town must provide a fully completed Certificate of Exemption, Form ST3, to the retailer.

#### Examples

1. A town purchases supplies and equipment for use in its administrative office. The purchases include: a desk, file cabinet, lamp, phone, desktop computer, printer, computer printer paper, stapler, staples, pencils, pens and electric service. The listed purchases may be made exempt under this new exemption if the town provides a fully completed Certificate of Exemption, Form ST3, to the retailer.

**This notice was revoked on April 21, 2025, by publication of Revenue Notice # 25-02. Revenue Notice # 99-16 remains revoked.**

2. A town purchases gravel, fuel, concrete, a dump truck and new grader blades for use in maintaining town roads. The purchase by the town of the gravel, fuel, concrete and grader blades are exempt under this new exemption if the town provides a fully completed Certificate of Exemption, Form ST3, to the retailer. The dump truck is exempt because *Minnesota Statutes*, section 297B.03, clause (10), provides an exemption from motor vehicle sales tax to towns that purchase certain motor vehicles exclusively for use in road maintenance.
3. A town owns and operates the town cemetery. Pursuant to its operation and management of the town cemetery, the town purchases office supplies, lawn care and related services as well as gas and electric services. The town also purchases caskets, cemetery monuments, headstones, plaques, and cremation urns as part of its cemetery business. The town's purchases of office supplies and gas and electric service are purchases of inputs to goods and services otherwise generally provided by private business and are not included in this exemption. Consequently, the town's purchases of office supplies and gas and electric service are taxable. The town may purchase the lawn care and related services exempt under *Minnesota Statutes*, section 297A.67, subdivision 25 (exemption for maintenance of cemetery grounds). Similarly, the town's purchase of caskets is exempt under *Minnesota Statutes*, section 297A.67, subdivision 10 (exemption for caskets and vaults). The purchase of cemetery monuments, headstones, plaques and cremation urns may be purchased by the town exempt for resale under *Minnesota Statutes*, section 297A.61, subdivision 4. The aforementioned purchases for the town's cemetery business are exempt only if the town provides a fully completed Certificate of Exemption, Form ST3, to the retailer.
4. A town owns and operates a local campground. The campground has electric and nonelectric camp sites, camper cabins, hiking/ski trails, bathrooms, showers houses, and a store and operates year-round. Pursuant to its campground operations, the town purchases goods and services to maintain the campground including: electric service, lawn mowers, shovels, rakes, brooms and cleaning supplies. The town also purchases items to resell at the campground store, such as: bags of ice, bug repellent, toiletries, clothing, and souvenir items. The town's purchases of electricity, lawn mowers, shovels, rakes, brooms and cleaning supplies are purchases of inputs to goods and services otherwise generally provided by private business and are not included in this new exemption. Consequently, the town's purchase of electricity, lawn mowers, shovels, rakes, brooms and cleaning supplies are taxable. However, the purchases of items for later resale at the campground store may be purchased exempt for resale under *Minnesota Statutes*, section 297A.61, subdivision 4, if the town provides a fully completed Certificate of Exemption, Form ST3, to the retailer.

Revenue Notice # 99-16 is revoked.

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SUSAN VON MOSCH, Assistant Commissioner  
for Tax Policy