

What's New

We've made general updates to this fact sheet.

Loggers

Loggers harvest trees for timber products. For sales and use tax purposes, logging is considered agricultural production.

Machinery and Equipment Purchases

Purchases and rentals of new and used logging equipment are exempt from sales and use tax. The equipment must be 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 and must fit the definition of logging equipment.

Repair and replacement parts, except tires, used for the maintenance or repair of qualified logging equipment are also exempt. For more information, see the *Logging Equipment* Fact Sheet.

To claim an exemption, give the seller a completed Form ST3, *Certificate of Exemption*.

Logging equipment and repair parts purchased for non-logging use or equipment that does not qualify for exemption are taxed at 6.875%.

Other Purchases

Petroleum products and radiator antifreeze used or consumed in the operation of logging equipment used to harvest timber are not taxable. Give your vendor a completed Form ST3, *Certificate of Exemption*, to claim exemption.

Examples include:

- Diesel fuel
- Gasoline
- Grease
- Propane
- Oil
- Other lubricants

Petroleum products used in equipment to build access roads to timber areas are subject to sales or use tax if petroleum tax was not paid or if it was refunded. For more information, see the *Petroleum Products* Fact Sheet.

Some services that are usually taxable can be purchased exempt if the services are used in the agricultural production of trees. Give your vendor a completed Form ST3, *Certificate of Exemption*, to buy these services without paying tax.

Examples include:

- Fertilizing
- Spraying
- Tilling
- Tree trimming and thinning

Timber Product Sales

Most timber products are used to make various paper and wood products. Generally, sales to any business or individual are taxable unless the customer gives you a completed Form ST3, *Certificate of Exemption*, or a statement of exemption. This includes:

- Paper mills
- Sawmills
- Wood products specialty companies
- Firewood picked up by a residential customer for heating (must provide written statement)
- Firewood for recreational use (campfires, fish houses, etc.)

Sales of firewood is not taxable when it is delivered to residential customers any time of the year.

Examples of residential customers:

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| • Apartments | • Mobile homes |
| • Condominiums | • Nursing homes |
| • Duplexes | • Rooming houses |
| • Fraternity or sorority houses | • Single family homes |
| • Intermediate care facilities | • Town houses |
| • Lake cabins | |

Note: Garages, attached or unattached, for these residential customers are considered residential property.

Log Homebuilders

Log homebuilders use logs (raw timber, log home kits, or pre-cut logs) to assemble, build, erect, improve, alter, or repair residential, recreational, and commercial log buildings.

Purchases

Building materials and supplies used to erect, improve or alter real property are taxable. For more information, see the Contractor and Other Property Installers Industry Guide.

Taxable purchases include logs or stumpage (standing timber that a logger harvests) purchased from:

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| • Other log home builders | • State of Minnesota (for example, the Minnesota Department of Natural Resources) |
| • Suppliers or loggers inside or outside Minnesota | • Counties |
| • U.S. Forest Service | • Townships |

Purchases of logs or stumpage from a homeowner who is not in the business of selling logs or stumpage are not taxable.

Cleaning services purchased to complete a construction contract are taxable. For more information, see the Building Cleaning and Maintenance Industry Guide.

Fabrication Labor

Fabrication labor charges are taxable. Examples include:

- Cutting or peeling logs
- Cutting grooves in logs
- Sawing or planing logs

Taxable Specialty Products and Equipment:

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| • Adhesives | • Brushes |
| • Application equipment | • Calipers |
| • Axes | • Cant hooks |
| • Backer rods | • Cast iron grills and registers |
| • Black iron hardware | • Caulk |
| • Books | • Chain saws |

- Chaps
- Chinking
- Chisels
- Cleaners
- Cranes
- Debarker
- Door seals
- Draw knives
- Drill bits
- Fasteners
- Finishes
- Foam sealant
- Hardware
- Lifting tongs
- Lumber crayons
- Mallets
- Mauls
- Oakum
- Paint
- Pencils
- Picaroons
- Preservatives
- Protractors
- Pruning saws
- Reinforcing rods
- Restoration products
- Sawmill (mini)
- Screw jacks
- Scribers
- Sealant tape
- Specialty tools
- Sprayers
- Stains
- Stucco
- Videos
- Washers
- Weather seal
- Whetstones
- Wood treatments

Sales

Real Property

If you sell and assemble, erect, or install a log building, it is a sale of real property. Assembled, erected, or installed log buildings are real property even when they are erected within a larger building or mall area and attached to real property. Don't charge sales tax on the sale of real property to your customer.

If you sell and install other improvements to real property, such as landscape timbers, decks or railings, do not charge sales tax to your customer.

Log Home Kits

Log home kits sold without installation, to be erected by the individual customer or another contractor, are taxable.

Prebuilt Homes

Prebuilt homes, including log homes, sold without installation are taxable. This includes sales where the home is only set in place but not attached to the foundation, or where the seller only supervises the installation. The reduced sales tax rate for manufactured homes does not apply to prebuilt homes or log homes, since they do not meet the definition of manufactured homes.

Miscellaneous Sales

Sales of logs to other log homebuilders to erect, improve, alter or repair real property are taxable.

Materials such as caulk, chinking material, finishes, preservatives, sealants, wood treatments, etc. sold to homeowners or contractors are taxable.

Scrap logs sold to others who will further process the logs, such as paper companies, are not taxable if they give you a completed Form ST3, *Certificate of Exemption*.

Wooden railings and other accessories sold to homeowners or contractors without installation are taxable.

Note: If you sell log homes without installation, such as a log home kit, you are selling a product. When selling a product, you may buy the materials that become part of the product exempt by giving the seller a completed Form ST3, *Certificate of Exemption*. Specify the Resale exemption. If you paid tax on the building materials when you purchased them, you can deduct their cost from the selling price you report on your sales and use tax return. For more information, see the Contractors and Other Property Installers Industry Guide.

General Information

Clothing

Clothing for general use is not taxable. Examples include coveralls, steel toe shoes and boots.

Safety Items

Safety equipment is taxable. Examples include hard hats and liners, ear and hearing protectors, safety belts, and non-prescription safety glasses, and goggles. Prescription safety glasses and goggles are not taxable. For more information, see the *Clothing* Fact Sheet.

Local Sales and Use Taxes

If you are located in or make sales into an area with local tax, you may owe local sales or use tax. For more information, see the Local Sales and Use Tax Guide.

Legal References

Minnesota Statute 297A.69
subd. 3, Repair and replacement parts
subd. 4, Machinery, equipment, and fencing

Revenue Notices

98-25, Logging Equipment – Qualifying Equipment

Fact Sheets

Clothing
Logging Equipment
Petroleum Products
Sales to Government
Use Tax for Businesses

Guides

Building Cleaning and Maintenance
Contractors and Other Property Installers
Local Sales and Use Tax