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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 88

01/22/2025

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The bill was read for the first time and referred to the Committee on Taxes

- 1.1

A bill for an act
- 1.2

relating to taxation; sales and use; modifying the exemption for land clearing
- 1.3

equipment; amending Minnesota Statutes 2024, section 297A.68, subdivisions 3,
- 1.4

40.
- 1.5

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6

Section 1. Minnesota Statutes 2024, section 297A.68, subdivision 3, is amended to read:
- 1.7

Subd. 3. **Materials used in providing certain taxable services.** (a) Materials stored,
- 1.8

used, or consumed in providing a taxable service listed in section 297A.61, subdivision 3,
- 1.9

paragraph (g), clause (6), intended to be sold ultimately at retail are exempt.
- 1.10

(b) This exemption includes, but is not limited to:
- 1.11

(1) chemicals, lubricants, packaging materials, seeds, trees, fertilizers, and herbicides,
- 1.12

if these items are used or consumed in providing the taxable service;
- 1.13

(2) chemicals used to treat waste generated as a result of providing the taxable service;
- 1.14

(3) accessory tools, equipment, and other items that are separate detachable units used
- 1.15

in providing the service and that have an ordinary useful life of less than 12 months; and
- 1.16

(4) fuel, electricity, gas, and steam used or consumed in the production process, except
- 1.17

that electricity, gas, or steam used for space heating, cooling, or lighting is exempt if (i) it
- 1.18

is in excess of average climate control or lighting, and (ii) it is necessary to produce that
- 1.19

particular service.
- 1.20

(c) This exemption does not include machinery, equipment, implements, tools,
- 1.21

accessories, appliances, contrivances, furniture, and fixtures used in providing the taxable
- 1.22

service.

2.1 (d) This exemption does not apply to any accessory tools, equipment, and other items  
2.2 that are separate detachable units that have an ordinary useful life of less than 12 months  
2.3 that are used in providing landscaping, gardening, or lawn care services.

2.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.5 30, 2025.

2.6 Sec. 2. Minnesota Statutes 2024, section 297A.68, subdivision 40, is amended to read:

2.7 Subd. 40. **Land clearing.** Tree, bush, shrub, and stump removal are exempt when sold  
2.8 to contractors or subcontractors as part of a land clearing contract. For purposes of this  
2.9 subdivision, "land clearing contract" means a contract for the removal of trees, bushes, and  
2.10 shrubs, including the removal of roots and stumps, to develop:

2.11 (1) a site. ~~This exemption does not apply to land clearing of; or~~

2.12 (2) a portion of a site to allow for remodeling, improvement, or expansion of an existing  
2.13 structure.

2.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.15 30, 2025.