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Senate

State of Minnesota

S.F. No. 3691 – Sales tax exemption for certain fees related to sales and purchases of natural gas

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Under current law, natural gas used as a primary source of residential heating, and any fees associated with the sale and purchase of that natural gas, is exempt from sales tax during November through April.

This bill would provide a sales tax exemption for fees related natural gas used as a primary source of residential heating during the period February 13 to February 17, 2021 but applied to customers' billing statements in the non-exempt months of May to October. The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 – 17, 2021.

The exemption is retroactive to fees applied to customers' bills beginning September 1, 2021, through June 30, 2022. Utilities would apply for a refund of sales taxes remitted during that period and then credit customers for sales taxes paid. The exemption would be upfront for the period July 1, 2022 through December 31, 2026.