

1.1 Senator ..... moves to amend S.F. No. 73 as follows:

1.2 Page 146, delete article 2 and insert:

1.3 "ARTICLE 2

1.4 TAXES

1.5 Section 1. Minnesota Statutes 2022, section 270B.12, is amended by adding a subdivision  
1.6 to read:

1.7 Subd. 4a. **Office of Cannabis Management.** The commissioner may disclose return  
1.8 information to the Office of Cannabis Management for the purpose of and to the extent  
1.9 necessary to administer section 270C.726.

1.10 **EFFECTIVE DATE.** This section is effective June 30, 2023.

1.11 Sec. 2. **[270C.726] POSTING OF TAX DELINQUENCY; SALE OF CANNABIS.**

1.12 Subdivision 1. **Posting; notice.** (a) Pursuant to the authority to disclose under section  
1.13 270B.12, subdivision 4a, the commissioner shall, by the 15th of each month, submit to the  
1.14 Office of Cannabis Management a list of all taxpayers subject to the tax imposed by section  
1.15 295.81 that are required to pay, withhold, or collect the tax imposed by sections 290.02,  
1.16 290.0922, 290.92, 290.9727, 290.9728, 290.9729, 297A.62, or 295.81 or local sales and  
1.17 use tax payable to the commissioner, or a local option sales and use tax administered and  
1.18 collected by the commissioner, and who are ten days or more delinquent in either filing a  
1.19 tax return or paying the tax.

1.20 (b) The commissioner is under no obligation to list a taxpayer whose business is inactive.  
1.21 At least ten days before notifying the Office of Cannabis Management, the commissioner  
1.22 shall notify the taxpayer of the intended action.

1.23 (c) The Office of Cannabis Management shall post the list required by this section on  
1.24 the Office of Cannabis Management website . The list must prominently show the date of  
1.25 posting. If a taxpayer previously listed files all returns and pays all taxes specified in this  
1.26 subdivision then due, the commissioner shall notify the Office of Cannabis Management  
1.27 within two business days.

1.28 Subd. 2. **Sales prohibited.** Beginning the third business day after the list is posted, no  
1.29 cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis mezzobusiness,  
1.30 cannabis wholesaler, or industrial hemp grower as defined in chapter 342 may sell or deliver  
1.31 any product to a taxpayer included on the posted list.

2.1 Subd. 3. **Penalty.** A cannabis cultivator, cannabis manufacturer, cannabis microbusiness,  
2.2 cannabis mezzobusiness, cannabis wholesaler, or industrial hemp grower as defined in  
2.3 chapter 342 who violates subdivision 2 of this section is subject to the penalties provided  
2.4 in section 342.19 and 342.21.

2.5 **EFFECTIVE DATE.** This section is effective June 30, 2023.

2.6 Sec. 3. Minnesota Statutes 2022, section 273.13, subdivision 24, is amended to read:

2.7 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal  
2.8 property is class 3a.

2.9 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility real  
2.10 property has a classification rate of 1.5 percent of the first tier of market value, and 2.0  
2.11 percent of the remaining market value. In the case of contiguous parcels of property owned  
2.12 by the same person or entity, only the value equal to the first-tier value of the contiguous  
2.13 parcels qualifies for the reduced classification rate, except that contiguous parcels owned  
2.14 by the same person or entity shall be eligible for the first-tier value classification rate on  
2.15 each separate business operated by the owner of the property, provided the business is  
2.16 housed in a separate structure. For the purposes of this subdivision, the first tier means the  
2.17 first \$150,000 of market value. Real property owned in fee by a utility for transmission line  
2.18 right-of-way shall be classified at the classification rate for the higher tier.

2.19 For purposes of this subdivision, parcels are considered to be contiguous even if they  
2.20 are separated from each other by a road, street, waterway, or other similar intervening type  
2.21 of property. Connections between parcels that consist of power lines or pipelines do not  
2.22 cause the parcels to be contiguous. Property owners who have contiguous parcels of property  
2.23 that constitute separate businesses that may qualify for the first-tier classification rate shall  
2.24 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

2.25 (2) All personal property that is: (i) part of an electric generation, transmission, or  
2.26 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,  
2.27 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad  
2.28 operating property has a classification rate as provided under clause (1) for the first tier of  
2.29 market value and the remaining market value. In the case of multiple parcels in one county  
2.30 that are owned by one person or entity, only one first tier amount is eligible for the reduced  
2.31 rate.

2.32 (3) The entire market value of personal property that is: (i) tools, implements, and  
2.33 machinery of an electric generation, transmission, or distribution system; (ii) tools,

3.1 implements, and machinery of a pipeline system transporting or distributing water, gas,  
3.2 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of  
3.3 steam or hot or chilled water for heating or cooling buildings, has a classification rate as  
3.4 provided under clause (1) for the remaining market value in excess of the first tier.

3.5 (4) Real property used for raising, cultivating, processing, or storing cannabis plants,  
3.6 cannabis flower, or cannabis products for sale has a classification rate as provided under  
3.7 clause (1) for the first tier of market value and the remaining market value. As used in this  
3.8 paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 18,  
3.9 "cannabis flower" has the meaning given in section 342.01, subdivision 15, and "cannabis  
3.10 product" has the meaning given in section 342.01, subdivision 19.

3.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024  
3.12 and thereafter.

3.13 Sec. 4. Minnesota Statutes 2022, section 275.025, subdivision 2, is amended to read:

3.14 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
3.15 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified  
3.16 as class 3 or class 5(1) under section 273.13, excluding:

3.17 (1) the tax capacity attributable to the first \$150,000 of market value of each parcel of  
3.18 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)  
3.19 ~~and~~, (2), and (4);

3.20 (2) electric generation attached machinery under class 3; and

3.21 (3) property described in section 473.625.

3.22 County commercial-industrial tax capacity amounts are not adjusted for the captured  
3.23 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,  
3.24 the net tax capacity of transmission lines deducted from a local government's total net tax  
3.25 capacity under section 273.425, or fiscal disparities contribution and distribution net tax  
3.26 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures  
3.27 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and  
3.28 (2), shall apply in determining the portion of a property eligible to be considered within the  
3.29 first \$150,000 of market value.

3.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024  
3.31 and thereafter.

4.1 Sec. 5. **[289A.33] FILING REQUIREMENTS AND DUE DATES; SPECIAL RULES.**

4.2 (a) Upon request of any cannabis business as defined by section 342.01, subdivision 14,  
4.3 required to collect and remit taxes imposed under section 295.81, chapter 290, or chapter  
4.4 297A, the commissioner shall waive the requirement that payment of tax must be made  
4.5 electronically if the failure to pay electronically is because the cannabis business is unable  
4.6 to secure banking services and the inability to secure the services is due to its engagement  
4.7 in cannabis-related business allowed under Minnesota law.

4.8 (b) If, in consultation with the commissioner of commerce, the commissioner determines  
4.9 the inability to find banking services is widespread and enforcement of the electronic payment  
4.10 requirement will significantly impede the ability of cannabis businesses to timely pay taxes  
4.11 imposed under section 295.81, chapter 290, or chapter 297A, the commissioner may publish  
4.12 notice on the department website that waives the requirement to pay the tax electronically.  
4.13 If such notice is published, a cannabis business must file returns and pay taxes lawfully due  
4.14 in the form and manner prescribed by the commissioner.

4.15 (c) Nothing in this subdivision relieves a cannabis business from timely filing and paying  
4.16 taxes.

4.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.18 Sec. 6. Minnesota Statutes 2022, section 290.0132, subdivision 29, is amended to read:

4.19 Subd. 29. **Disallowed section 280E expenses; ~~medical cannabis manufacturers~~**  
4.20 **licensees.** The amount of expenses of a medical cannabis ~~manufacturer~~ business, as defined  
4.21 under section ~~152.22, subdivision 7~~ 342.01, subdivision 52, related to the business of medical  
4.22 cannabis under sections ~~152.21 to 152.37~~ 342.47 to 342.59, or a license holder under chapter  
4.23 342, related to the business of nonmedical cannabis under that chapter, and not allowed for  
4.24 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

4.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
4.26 31, 2022.

4.27 Sec. 7. Minnesota Statutes 2022, section 290.0134, subdivision 19, is amended to read:

4.28 Subd. 19. **Disallowed section 280E expenses; ~~medical cannabis manufacturers~~**  
4.29 **licensees.** The amount of expenses of a medical cannabis ~~manufacturer~~ business, as defined  
4.30 under section ~~152.22, subdivision 7~~ 342.01, subdivision 52, related to the business of medical  
4.31 cannabis under sections ~~152.21 to 152.37~~ 342.47 to 342.59, or a license holder under chapter

5.1 342, related to the business of nonmedical cannabis under that chapter, and not allowed for  
5.2 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

5.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
5.4 31, 2022.

5.5 **Sec. 8. [295.81] CANNABIS GROSS RECEIPTS TAX.**

5.6 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
5.7 the meanings given.

5.8 (b) "Bundled transaction" means the retail sale of two or more products when the products  
5.9 are otherwise distinct and identifiable, and the products are sold for one non-itemized price.

5.10 (c) "Cannabis flower" has the meaning given in section 342.01, subdivision 15.

5.11 (d) "Cannabis product" has the meaning given in section 342.01, subdivision 19.

5.12 (e) "Cannabis solution product" means any cartridge, bottle, or other package that contains  
5.13 a taxable cannabis product in a solution that is consumed or meant to be consumed through  
5.14 the use of a heating element, power source, electronic circuit, or other electronic, chemical,  
5.15 or mechanical means that produces vapor or aerosol. A cannabis solution product includes  
5.16 any electronic delivery system, electronic vaping device, electronic vape pen, electronic  
5.17 oral device, electronic delivery device, or similar product or device, and any batteries,  
5.18 heating elements, or other components, parts, or accessories sold with and meant to be used  
5.19 in the consumption of a solution containing a taxable cannabis product.

5.20 (f) "Cannabis mezzobusiness" means a cannabis business licensed under section 342.31.

5.21 (g) "Cannabis microbusiness" means a cannabis business licensed under section 342.29.

5.22 (h) "Cannabis retailer" means a cannabis business licensed under section 342.27.

5.23 (i) "Commissioner" means the commissioner of revenue.

5.24 (j) "Gross receipts" means the total amount received, in money or by barter or exchange,  
5.25 for all taxable cannabis product sales at retail as measured by the sales price. Gross receipts  
5.26 include but are not limited to delivery charges and packaging costs. Gross receipts do not  
5.27 include:

5.28 (1) any taxes imposed directly on the customer that are separately stated on the invoice,  
5.29 bill of sale, or similar document given to the purchaser; and

5.30 (2) discounts, including cash, terms, or coupons, that are not reimbursed by a third party  
5.31 and that are allowed by the seller and taken by a purchaser on a sale.

6.1 (k) "Hemp-derived consumer product" has the meaning given in section 342.01,  
6.2 subdivision 35.

6.3 (l) "Lower potency hemp edible" has the meaning given in section 342.01, subdivision  
6.4 49.

6.5 (m) "Lower potency hemp edible retailer" means a cannabis business licensed under  
6.6 section 342.41, subdivision 1, paragraph (b), clause (1).

6.7 (n) "Medical cannabis flower" has the meaning given in section 342.01, subdivision 53.

6.8 (o) "Medical cannabinoid product" has the meaning given in section 342.01, subdivision  
6.9 51.

6.10 (p) "Medical cannabis paraphernalia " has the meaning given in section 342.01,  
6.11 subdivision 54.

6.12 (q) "Retail sale" has the meaning given in section 297A.61, subdivision 4.

6.13 (r) "Taxable cannabis product" means cannabis flower, cannabis product, cannabis  
6.14 solution product, hemp-derived consumer product, lower-potency hemp edible, and any  
6.15 substantially similar product.

6.16 (s) "Taxable cannabis product retailer" means a retailer that sells any taxable cannabis  
6.17 product, and includes a cannabis retailer, cannabis microbusiness, cannabis mezzobusiness,  
6.18 and lower-potency hemp edible retailer. Taxable cannabis product retailer includes but is  
6.19 not limited to a:

6.20 (1) retailer maintaining a place of business in this state;

6.21 (2) marketplace provider maintaining a place of business in this state, as defined in  
6.22 section 297A.66, subdivision 1, paragraph (a);

6.23 (3) retailer not maintaining a place of business in this state; and

6.24 (4) marketplace provider not maintaining a place of business in this state, as defined in  
6.25 section 297A.66, subdivision 1, paragraph (b).

6.26 Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to ten percent of gross receipts  
6.27 from retail sales in Minnesota of taxable cannabis products is imposed on any taxable  
6.28 cannabis product retailer that sells these products to customers. A taxable cannabis product  
6.29 retailer may but is not required to collect the tax imposed by this section from the purchaser  
6.30 as long as the tax is separately stated on the receipt, invoice, bill of sale, or similar document  
6.31 given to the purchaser.

7.1 (b) If a product subject to the tax imposed by this section is included in a bundled  
7.2 transaction, the entire sales price of the bundled transaction is subject to the tax imposed  
7.3 by this section.

7.4 (c) The tax imposed under this section is in addition to any other tax imposed on the  
7.5 sale or use of taxable cannabis products.

7.6 Subd. 3. **Use tax imposed; credit for taxes paid.** (a) A person that receives taxable  
7.7 cannabis products for use or storage in Minnesota, other than from a taxable cannabis product  
7.8 retailer that paid the tax under subdivision 2, is subject to tax at the rate imposed under  
7.9 subdivision 2. Liability for the tax is incurred when the person has possession of the taxable  
7.10 cannabis product in Minnesota. The tax must be remitted to the commissioner in the same  
7.11 manner prescribed for taxes imposed under chapter 297A.

7.12 (b) A person that has paid taxes to another state or any subdivision thereof on the same  
7.13 transaction and is subject to tax under this section is entitled to a credit for the tax legally  
7.14 due and paid to another state or subdivision thereof to the extent of the lesser of (1) the tax  
7.15 actually paid to the other state or subdivision thereof, or (2) the amount of tax imposed by  
7.16 Minnesota on the transaction subject to tax in the other state or subdivision thereof.

7.17 Subd. 4. **Exemptions.** (a) The use tax imposed under subdivision 3, paragraph (a), does  
7.18 not apply to the possession, use, or storage of taxable cannabis products if (1) the taxable  
7.19 cannabis products have an aggregate cost in any calendar month to the customer of \$100  
7.20 or less, and (2) the taxable cannabis products were carried into this state by the customer.

7.21 (b) The tax imposed under this section does not apply to sales of medical items purchased  
7.22 by or for the patients enrolled in the registry program, including medical cannabis flower,  
7.23 medical cannabinoid products, and medical cannabis paraphernalia.

7.24 (c) Unless otherwise specified in this section, the exemptions applicable to taxes imposed  
7.25 under chapter 297A are not applicable to the taxes imposed under this section.

7.26 Subd. 5. **Tax collection required.** A taxable cannabis product retailer with nexus in  
7.27 Minnesota, who is not subject to tax under subdivision 2, is required to collect the tax  
7.28 imposed under subdivision 3 from the purchaser of the taxable cannabis product and give  
7.29 the purchaser a receipt for the tax paid. The tax collected must be remitted to the  
7.30 commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

7.31 Subd. 6. **Taxes paid to another state or any subdivision thereof; credit.** A taxable  
7.32 cannabis product retailer that has paid taxes to another state or any subdivision thereof  
7.33 measured by gross receipts and is subject to tax under this section on the same gross receipts

8.1 is entitled to a credit for the tax legally due and paid to another state or any subdivision  
8.2 thereof to the extent of the lesser of (1) the tax actually paid to the other state or any  
8.3 subdivision thereof, or (2) the amount of tax imposed by Minnesota on the gross receipts  
8.4 subject to tax in the other taxing state or any subdivision thereof.

8.5 Subd. 7. **Sourcing of sales.** Section 297A.668 applies to the taxes imposed by this  
8.6 section.

8.7 Subd. 8. **Administration.** Unless specifically provided otherwise, the audit, assessment,  
8.8 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative  
8.9 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter  
8.10 297A, except the requirement to file returns and remit taxes due electronically if the  
8.11 commissioner waives the requirement pursuant to section 289A.33, apply to the tax imposed  
8.12 under this section.

8.13 Subd. 9. **Returns; payment of tax.** (a) A taxable cannabis product retailer must report  
8.14 the tax on a return prescribed by the commissioner and must remit the tax in a form and  
8.15 manner prescribed by the commissioner. The return and the tax must be filed and paid using  
8.16 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision  
8.17 4, and chapter 297A.

8.18 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from  
8.19 the date of payment of the tax until the date the refund is paid or credited. For purposes of  
8.20 this subdivision, the date of payment is the due date of the return or the date of actual  
8.21 payment of the tax, whichever is later.

8.22 Subd. 10. **Deposit of revenues; account established.** (a) The commissioner must deposit  
8.23 the revenues, including penalties and interest, derived from the tax imposed by this section  
8.24 as follows:

8.25 (1) 75 percent to the general fund; and

8.26 (2) 25 percent to the local government cannabis aid account in the special revenue fund.

8.27 (b) The local government cannabis aid account is established in the special revenue fund.

8.28 Subd. 11. **Personal debt.** The tax imposed by this section, and interest and penalties  
8.29 imposed with respect to it, are a personal debt of the person required to file a return from  
8.30 the time that the liability for it arises, irrespective of when the time for payment of the  
8.31 liability occurs. The debt must, in the case of the executor or administrator of the estate of  
8.32 a decedent and in the case of a fiduciary, be that of the person in the person's official or  
8.33 fiduciary capacity only, unless the person has voluntarily distributed the assets held in that



9.1 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which  
9.2 event the person is personally liable for any deficiency.

9.3 **EFFECTIVE DATE.** This section is effective for gross receipts received after June 30,  
9.4 2023.

9.5 Sec. 9. **[295.82] CANNABIS LOCAL TAX PROHIBITED.**

9.6 A political subdivision of this state is prohibited from imposing a tax under this section  
9.7 solely on the sale of taxable cannabis products as defined under section 295.81, subdivision  
9.8 1, paragraph (q).

9.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.10 Sec. 10. Minnesota Statutes 2022, section 297A.61, subdivision 3, is amended to read:

9.11 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,  
9.12 each of the transactions listed in this subdivision. In applying the provisions of this chapter,  
9.13 the terms "tangible personal property" and "retail sale" include the taxable services listed  
9.14 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable  
9.15 services, unless specifically provided otherwise. Services performed by an employee for  
9.16 an employer are not taxable. Services performed by a partnership or association for another  
9.17 partnership or association are not taxable if one of the entities owns or controls more than  
9.18 80 percent of the voting power of the equity interest in the other entity. Services performed  
9.19 between members of an affiliated group of corporations are not taxable. For purposes of  
9.20 the preceding sentence, "affiliated group of corporations" means those entities that would  
9.21 be classified as members of an affiliated group as defined under United States Code, title  
9.22 26, section 1504, disregarding the exclusions in section 1504(b).

9.23 (b) Sale and purchase include:

9.24 (1) any transfer of title or possession, or both, of tangible personal property, whether  
9.25 absolutely or conditionally, for a consideration in money or by exchange or barter; and

9.26 (2) the leasing of or the granting of a license to use or consume, for a consideration in  
9.27 money or by exchange or barter, tangible personal property, other than a manufactured  
9.28 home used for residential purposes for a continuous period of 30 days or more.

9.29 (c) Sale and purchase include the production, fabrication, printing, or processing of  
9.30 tangible personal property for a consideration for consumers who furnish either directly or  
9.31 indirectly the materials used in the production, fabrication, printing, or processing.

10.1 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding  
10.2 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

10.3 (1) prepared food sold by the retailer;

10.4 (2) soft drinks;

10.5 (3) candy; and

10.6 (4) dietary supplements.

10.7 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,  
10.8 water, or steam for use or consumption within this state.

10.9 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer  
10.10 software whether delivered electronically, by load and leave, or otherwise.

10.11 (g) A sale and a purchase includes the furnishing for a consideration of the following  
10.12 services:

10.13 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
10.14 events, and the making available of amusement devices, tanning facilities, reducing salons,  
10.15 steam baths, health clubs, and spas or athletic facilities;

10.16 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,  
10.17 or trailer camp, including furnishing the guest of the facility with access to telecommunication  
10.18 services, and the granting of any similar license to use real property in a specific facility,  
10.19 other than the renting or leasing of it for a continuous period of 30 days or more under an  
10.20 enforceable written agreement that may not be terminated without prior notice and including  
10.21 accommodations intermediary services provided in connection with other services provided  
10.22 under this clause;

10.23 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic  
10.24 basis, except for parking at a meter;

10.25 (4) the granting of membership in a club, association, or other organization if:

10.26 (i) the club, association, or other organization makes available for the use of its members  
10.27 sports and athletic facilities, without regard to whether a separate charge is assessed for use  
10.28 of the facilities; and

10.29 (ii) use of the sports and athletic facility is not made available to the general public on  
10.30 the same basis as it is made available to members.

11.1 Granting of membership means both onetime initiation fees and periodic membership dues.  
11.2 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash  
11.3 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming  
11.4 pools; and other similar athletic or sports facilities;

11.5 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
11.6 material used in road construction; and delivery of concrete block by a third party if the  
11.7 delivery would be subject to the sales tax if provided by the seller of the concrete block.  
11.8 For purposes of this clause, "road construction" means construction of:

11.9 (i) public roads;

11.10 (ii) cartways; and

11.11 (iii) private roads in townships located outside of the seven-county metropolitan area  
11.12 up to the point of the emergency response location sign; and

11.13 (6) services as provided in this clause:

11.14 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
11.15 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
11.16 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
11.17 include services provided by coin operated facilities operated by the customer;

11.18 (ii) motor vehicle washing, waxing, and cleaning services, including services provided  
11.19 by coin operated facilities operated by the customer, and rustproofing, undercoating, and  
11.20 towing of motor vehicles;

11.21 (iii) building and residential cleaning, maintenance, and disinfecting services and pest  
11.22 control and exterminating services;

11.23 (iv) detective, security, burglar, fire alarm, and armored car services; but not including  
11.24 services performed within the jurisdiction they serve by off-duty licensed peace officers as  
11.25 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization  
11.26 or any organization at the direction of a county for monitoring and electronic surveillance  
11.27 of persons placed on in-home detention pursuant to court order or under the direction of the  
11.28 Minnesota Department of Corrections;

11.29 (v) pet grooming services;

11.30 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
11.31 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant  
11.32 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing

12.1 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility  
12.2 lines. Services performed under a construction contract for the installation of shrubbery,  
12.3 plants, sod, trees, bushes, and similar items are not taxable;

12.4 (vii) massages, except when provided by a licensed health care facility or professional  
12.5 or upon written referral from a licensed health care facility or professional for treatment of  
12.6 illness, injury, or disease; and

12.7 (viii) the furnishing of lodging, board, and care services for animals in kennels and other  
12.8 similar arrangements, but excluding veterinary and horse boarding services.

12.9 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal  
12.10 property or taxable services by the United States or any of its agencies or instrumentalities,  
12.11 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

12.12 (i) A sale and a purchase includes the furnishing for a consideration of  
12.13 telecommunications services, ancillary services associated with telecommunication services,  
12.14 and pay television services. Telecommunication services include, but are not limited to, the  
12.15 following services, as defined in section 297A.669: air-to-ground radiotelephone service,  
12.16 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid  
12.17 wireless calling service, and private communication services. The services in this paragraph  
12.18 are taxed to the extent allowed under federal law.

12.19 (j) A sale and a purchase includes the furnishing for a consideration of installation if the  
12.20 installation charges would be subject to the sales tax if the installation were provided by  
12.21 the seller of the item being installed.

12.22 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a  
12.23 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor  
12.24 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,  
12.25 subdivision 11.

12.26 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
12.27 products or other digital products or granting the right for a consideration to use specified  
12.28 digital products or other digital products on a temporary or permanent basis and regardless  
12.29 of whether the purchaser is required to make continued payments for such right. Wherever  
12.30 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
12.31 and 38, the provisions also apply to specified digital products, or other digital products,  
12.32 unless specifically provided otherwise or the context indicates otherwise.

13.1 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,  
13.2 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event  
13.3 includes all charges included in the privilege of admission's sales price, without deduction  
13.4 for amenities that may be provided, unless the amenities are separately stated and the  
13.5 purchaser of the privilege of admission is entitled to add or decline the amenities, and the  
13.6 amenities are not otherwise taxable.

13.7 (n) A sale and purchase includes the transfer for consideration of a taxable cannabis  
13.8 product as defined in section 295.81, subdivision 1, paragraph (q).

13.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
13.10 30, 2023.

13.11 Sec. 11. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

13.12 Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision,  
13.13 food and food ingredients are exempt. For purposes of this subdivision, "food" and "food  
13.14 ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or  
13.15 dehydrated form, that are sold for ingestion or chewing by humans and are consumed for  
13.16 their taste or nutritional value. Food and food ingredients exempt under this subdivision do  
13.17 not include candy, soft drinks, dietary supplements, and prepared foods. Food and food  
13.18 ingredients do not include alcoholic beverages ~~and~~ tobacco, taxable cannabis products,  
13.19 medical cannabis flower, and medical cannabinoid products. For purposes of this subdivision,  
13.20 "alcoholic beverages" means beverages that are suitable for human consumption and contain  
13.21 one-half of one percent or more of alcohol by volume. For purposes of this subdivision,  
13.22 "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains  
13.23 tobacco. For purposes of this subdivision, "taxable cannabis product" has the meaning given  
13.24 in section 295.81, subdivision 1, paragraph (q), "medical cannabis flower" has the meaning  
13.25 given in section 342.01, subdivision 53, and "medical cannabinoid product" has the meaning  
13.26 given in section 342.01, subdivision 51. For purposes of this subdivision, "dietary  
13.27 supplements" means any product, other than tobacco, intended to supplement the diet that:

13.28 (1) contains one or more of the following dietary ingredients:

13.29 (i) a vitamin;

13.30 (ii) a mineral;

13.31 (iii) an herb or other botanical;

13.32 (iv) an amino acid;

14.1 (v) a dietary substance for use by humans to supplement the diet by increasing the total  
14.2 dietary intake; and

14.3 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
14.4 described in items (i) to (v);

14.5 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,  
14.6 or if not intended for ingestion in such form, is not represented as conventional food and is  
14.7 not represented for use as a sole item of a meal or of the diet; and

14.8 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts  
14.9 box found on the label and as required pursuant to Code of Federal Regulations, title 21,  
14.10 section 101.36.

14.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
14.12 30, 2023.

14.13 Sec. 12. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

14.14 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices  
14.15 for human use are exempt:

14.16 (1) drugs, including over-the-counter drugs;

14.17 (2) single-use finger-pricking devices for the extraction of blood and other single-use  
14.18 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

14.19 (3) insulin and medical oxygen for human use, regardless of whether prescribed or sold  
14.20 over the counter;

14.21 (4) prosthetic devices;

14.22 (5) durable medical equipment for home use only;

14.23 (6) mobility enhancing equipment;

14.24 (7) prescription corrective eyeglasses; and

14.25 (8) kidney dialysis equipment, including repair and replacement parts.

14.26 (b) Items purchased in transactions covered by:

14.27 (1) Medicare as defined under title XVIII of the Social Security Act, United States Code,  
14.28 title 42, section 1395, et seq.; or

14.29 (2) Medicaid as defined under title XIX of the Social Security Act, United States Code,  
14.30 title 42, section 1396, et seq.

15.1 (c) For purposes of this subdivision:

15.2 (1) "Drug" means a compound, substance, or preparation, and any component of a  
15.3 compound, substance, or preparation, other than food and food ingredients, dietary  
15.4 supplements, taxable cannabis products as defined under section 295.81, subdivision 1,  
15.5 paragraph (q), or alcoholic beverages that is:

15.6 (i) recognized in the official United States Pharmacopoeia, official Homeopathic  
15.7 Pharmacopoeia of the United States, or official National Formulary, and supplement to any  
15.8 of them;

15.9 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;  
15.10 or

15.11 (iii) intended to affect the structure or any function of the body.

15.12 (2) "Durable medical equipment" means equipment, including repair and replacement  
15.13 parts, including single-patient use items, but not including mobility enhancing equipment,  
15.14 that:

15.15 (i) can withstand repeated use;

15.16 (ii) is primarily and customarily used to serve a medical purpose;

15.17 (iii) generally is not useful to a person in the absence of illness or injury; and

15.18 (iv) is not worn in or on the body.

15.19 For purposes of this clause, "repair and replacement parts" includes all components or  
15.20 attachments used in conjunction with the durable medical equipment, including repair and  
15.21 replacement parts which are for single patient use only.

15.22 (3) "Mobility enhancing equipment" means equipment, including repair and replacement  
15.23 parts, but not including durable medical equipment, that:

15.24 (i) is primarily and customarily used to provide or increase the ability to move from one  
15.25 place to another and that is appropriate for use either in a home or a motor vehicle;

15.26 (ii) is not generally used by persons with normal mobility; and

15.27 (iii) does not include any motor vehicle or equipment on a motor vehicle normally  
15.28 provided by a motor vehicle manufacturer.

15.29 (4) "Over-the-counter drug" means a drug that contains a label that identifies the product  
15.30 as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label  
15.31 must include a "drug facts" panel or a statement of the active ingredients with a list of those

16.1 ingredients contained in the compound, substance, or preparation. Over-the-counter drugs  
16.2 do not include grooming and hygiene products, regardless of whether they otherwise meet  
16.3 the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo,  
16.4 toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

16.5 (5) "Prescribed" and "prescription" means a direction in the form of an order, formula,  
16.6 or recipe issued in any form of oral, written, electronic, or other means of transmission by  
16.7 a duly licensed health care professional.

16.8 (6) "Prosthetic device" means a replacement, corrective, or supportive device, including  
16.9 repair and replacement parts, worn on or in the body to:

16.10 (i) artificially replace a missing portion of the body;

16.11 (ii) prevent or correct physical deformity or malfunction; or

16.12 (iii) support a weak or deformed portion of the body.

16.13 Prosthetic device does not include corrective eyeglasses.

16.14 (7) "Kidney dialysis equipment" means equipment that:

16.15 (i) is used to remove waste products that build up in the blood when the kidneys are not  
16.16 able to do so on their own; and

16.17 (ii) can withstand repeated use, including multiple use by a single patient, notwithstanding  
16.18 the provisions of clause (2).

16.19 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the  
16.20 item purchased in the transaction is paid for or reimbursed by the federal government or  
16.21 the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance  
16.22 company administering the Medicare or Medicaid program on behalf of the federal  
16.23 government or the state of Minnesota, or by a managed care organization for the benefit of  
16.24 a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional  
16.25 Medicare or Medicaid coverage pursuant to agreement with the federal government or the  
16.26 state of Minnesota.

16.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
16.28 30, 2023.



17.1 Sec. 13. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

17.2 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the  
17.3 following governments and political subdivisions, or to the listed agencies or instrumentalities  
17.4 of governments and political subdivisions, are exempt:

17.5 (1) the United States and its agencies and instrumentalities;

17.6 (2) school districts, local governments, the University of Minnesota, state universities,  
17.7 community colleges, technical colleges, state academies, the Perpich Minnesota Center for  
17.8 Arts Education, and an instrumentality of a political subdivision that is accredited as an  
17.9 optional/special function school by the North Central Association of Colleges and Schools;

17.10 (3) hospitals and nursing homes owned and operated by political subdivisions of the  
17.11 state of tangible personal property and taxable services used at or by hospitals and nursing  
17.12 homes;

17.13 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council  
17.14 of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt  
17.15 through December 31, 2016;

17.16 (5) other states or political subdivisions of other states, if the sale would be exempt from  
17.17 taxation if it occurred in that state; and

17.18 (6) public libraries, public library systems, multicounty, multitype library systems as  
17.19 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,  
17.20 the state library under section 480.09, and the Legislative Reference Library.

17.21 (b) This exemption does not apply to the sales of the following products and services:

17.22 (1) building, construction, or reconstruction materials purchased by a contractor or a  
17.23 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
17.24 maximum price covering both labor and materials for use in the construction, alteration, or  
17.25 repair of a building or facility;

17.26 (2) construction materials purchased by tax exempt entities or their contractors to be  
17.27 used in constructing buildings or facilities which will not be used principally by the tax  
17.28 exempt entities;

17.29 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except  
17.30 for leases entered into by the United States or its agencies or instrumentalities;

17.31 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
17.32 ~~and~~ prepared food, candy, soft drinks, ~~and~~ alcoholic beverages as defined in section 297A.67,

18.1 subdivision 2, and taxable cannabis products as defined under section 295.81, subdivision  
18.2 1, paragraph (q), except for lodging, prepared food, candy, soft drinks, ~~and~~ alcoholic  
18.3 beverages, and taxable cannabis products purchased directly by the United States or its  
18.4 agencies or instrumentalities; or

18.5 (5) goods or services purchased by a local government as inputs to a liquor store, gas  
18.6 or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf  
18.7 course, marina, campground, cafe, or laundromat.

18.8 (c) As used in this subdivision, "school districts" means public school entities and districts  
18.9 of every kind and nature organized under the laws of the state of Minnesota, and any  
18.10 instrumentality of a school district, as defined in section 471.59.

18.11 (d) For purposes of the exemption granted under this subdivision, "local governments"  
18.12 has the following meaning:

18.13 (1) for the period prior to January 1, 2017, local governments means statutory or home  
18.14 rule charter cities, counties, and townships; and

18.15 (2) beginning January 1, 2017, local governments means statutory or home rule charter  
18.16 cities, counties, and townships; special districts as defined under section 6.465; any  
18.17 instrumentality of a statutory or home rule charter city, county, or township as defined in  
18.18 section 471.59; and any joint powers board or organization created under section 471.59.

18.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
18.20 30, 2023.

18.21 Sec. 14. Minnesota Statutes 2022, section 297A.70, subdivision 4, is amended to read:

18.22 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
18.23 to the following "nonprofit organizations" are exempt:

18.24 (1) a corporation, society, association, foundation, or institution organized and operated  
18.25 exclusively for charitable, religious, or educational purposes if the item purchased is used  
18.26 in the performance of charitable, religious, or educational functions;

18.27 (2) any senior citizen group or association of groups that:

18.28 (i) in general limits membership to persons who are either age 55 or older, or persons  
18.29 with a physical disability;

18.30 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
18.31 purposes, not including housing, no part of the net earnings of which inures to the benefit  
18.32 of any private shareholders; and

- 19.1 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and
- 19.2 (3) an organization that qualifies for an exemption for memberships under subdivision
- 19.3 12 if the item is purchased and used in the performance of the organization's mission.
- 19.4 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
- 19.5 owned by a religious organization.
- 19.6 (b) This exemption does not apply to the following sales:
- 19.7 (1) building, construction, or reconstruction materials purchased by a contractor or a
- 19.8 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
- 19.9 maximum price covering both labor and materials for use in the construction, alteration, or
- 19.10 repair of a building or facility;
- 19.11 (2) construction materials purchased by tax-exempt entities or their contractors to be
- 19.12 used in constructing buildings or facilities that will not be used principally by the tax-exempt
- 19.13 entities;
- 19.14 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
- 19.15 ~~and~~ prepared food, candy, soft drinks, taxable cannabis product as defined under section
- 19.16 295.81, subdivision 1, paragraph (q), and alcoholic beverages as defined in section 297A.67,
- 19.17 subdivision 2, except wine purchased by an established religious organization for sacramental
- 19.18 purposes or as allowed under subdivision 9a; and
- 19.19 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
- 19.20 provided in paragraph (c).
- 19.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
- 19.22 subdivision 11, only if the vehicle is:
- 19.23 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
- 19.24 passenger automobile, as defined in section 168.002, if the automobile is designed and used
- 19.25 for carrying more than nine persons including the driver; and
- 19.26 (2) intended to be used primarily to transport tangible personal property or individuals,
- 19.27 other than employees, to whom the organization provides service in performing its charitable,
- 19.28 religious, or educational purpose.
- 19.29 (d) A limited liability company also qualifies for exemption under this subdivision if
- 19.30 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
- 19.31 purchased qualify for the exemption.

20.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
20.2 30, 2023.

20.3 Sec. 15. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

20.4 Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those listed  
20.5 in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home  
20.6 certified as a nursing facility under title 19 of the Social Security Act are exempt if the  
20.7 facility:

20.8 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal  
20.9 Revenue Code; and

20.10 (2) is certified to participate in the medical assistance program under title 19 of the Social  
20.11 Security Act, or certifies to the commissioner that it does not discharge residents due to the  
20.12 inability to pay.

20.13 (b) This exemption does not apply to the following sales:

20.14 (1) building, construction, or reconstruction materials purchased by a contractor or a  
20.15 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
20.16 maximum price covering both labor and materials for use in the construction, alteration, or  
20.17 repair of a building or facility;

20.18 (2) construction materials purchased by tax-exempt entities or their contractors to be  
20.19 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
20.20 entities;

20.21 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
20.22 ~~and~~ prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
20.23 subdivision 2 and taxable cannabis products as defined under section 295.81, subdivision  
20.24 1, paragraph (q); and

20.25 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
20.26 provided in paragraph (c).

20.27 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
20.28 subdivision 11, only if the vehicle is:

20.29 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a  
20.30 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
20.31 for carrying more than nine persons including the driver; and

21.1 (2) intended to be used primarily to transport tangible personal property or residents of  
21.2 the nursing home or boarding care home.

21.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
21.4 30, 2023.

21.5 Sec. 16. Minnesota Statutes 2022, section 297A.85, is amended to read:

21.6 **297A.85 CANCELLATION OF PERMITS.**

21.7 The commissioner may cancel a permit if one of the following conditions occurs:

21.8 (1) the permit holder has not filed a sales or use tax return for at least one year;

21.9 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
21.10 returns for at least two years;

21.11 (3) the permit holder requests cancellation of the permit;

21.12 (4) the permit is subject to cancellation under section 270C.722, subdivision 2, paragraph  
21.13 (a); ~~or~~

21.14 (5) the permit is subject to cancellation under section 297A.84; or

21.15 (6) the permit holder is a taxable cannabis product retailer as defined in section 295.81,  
21.16 subdivision 1, paragraph (r), other than a lower potency hemp edible retailer as licensed  
21.17 under section 342.43, subdivision 1, and its license to sell a taxable cannabis product as  
21.18 defined in section 295.81, subdivision 1, paragraph (q), has been revoked by the Office of  
21.19 Cannabis Management.

21.20 **EFFECTIVE DATE.** This section is effective June 30, 2023.

21.21 Sec. 17. Minnesota Statutes 2022, section 297D.01, is amended to read:

21.22 **297D.01 DEFINITIONS.**

21.23 Subdivision 1. ~~Marijuana~~ **Illegal cannabis.** ~~"Marijuana"~~ "Illegal cannabis" means any  
21.24 ~~marijuana~~ taxable cannabis product as defined in section 295.81, subdivision 1, paragraph  
21.25 (q), whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held,  
21.26 possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342  
21.27 or Minnesota criminal laws.

21.28 Subd. 2. **Controlled substance.** "Controlled substance" means any drug or substance,  
21.29 whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed,

22.1 transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled  
22.2 substance" does not include ~~marijuana~~ illegal cannabis.

22.3 Subd. 3. **Tax obligor or obligor.** "Tax obligor" or "obligor" means a person who in  
22.4 violation of Minnesota law manufactures, produces, ships, transports, or imports into  
22.5 Minnesota or in any manner acquires or possesses more than 42-1/2 grams of ~~marijuana~~  
22.6 illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage  
22.7 units of any controlled substance which is not sold by weight. A quantity of ~~marijuana~~ illegal  
22.8 cannabis or other controlled substance is measured by the weight of the substance whether  
22.9 pure or impure or dilute, or by dosage units when the substance is not sold by weight, in  
22.10 the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a  
22.11 detectable quantity of pure controlled substance and any excipients or fillers.

22.12 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of revenue.

22.13 **EFFECTIVE DATE.** This section is effective June 30, 2023.

22.14 Sec. 18. Minnesota Statutes 2022, section 297D.04, is amended to read:

22.15 **297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.**

22.16 No tax obligor may possess any ~~marijuana~~ illegal cannabis or controlled substance upon  
22.17 which a tax is imposed by section 297D.08 unless the tax has been paid on the ~~marijuana~~  
22.18 illegal cannabis or ~~other~~ a controlled substance as evidenced by a stamp or other official  
22.19 indicia.

22.20 **EFFECTIVE DATE.** This section is effective June 30, 2023.

22.21 Sec. 19. Minnesota Statutes 2022, section 297D.06, is amended to read:

22.22 **297D.06 PHARMACEUTICALS.**

22.23 Nothing in this chapter requires persons registered under chapter 151 or otherwise  
22.24 lawfully in possession of ~~marijuana~~ illegal cannabis or a controlled substance to pay the tax  
22.25 required under this chapter.

22.26 **EFFECTIVE DATE.** This section is effective June 30, 2023.

22.27 Sec. 20. Minnesota Statutes 2022, section 297D.07, is amended to read:

22.28 **297D.07 MEASUREMENT.**

22.29 For the purpose of calculating the tax under section 297D.08, a quantity of ~~marijuana~~  
22.30 illegal cannabis or ~~other~~ a controlled substance is measured by the weight of the substance

23.1 whether pure or impure or dilute, or by dosage units when the substance is not sold by  
23.2 weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it  
23.3 consists of a detectable quantity of pure controlled substance and any excipients or fillers.

23.4 **EFFECTIVE DATE.** This section is effective June 30, 2023.

23.5 Sec. 21. Minnesota Statutes 2022, section 297D.08, is amended to read:

23.6 **297D.08 TAX RATE.**

23.7 A tax is imposed on ~~marijuana~~ illegal cannabis and controlled substances as defined in  
23.8 section 297D.01 at the following rates:

23.9 (1) on each gram of ~~marijuana~~ illegal cannabis, or each portion of a gram, \$3.50; and

23.10 (2) on each gram of controlled substance, or portion of a gram, \$200; or

23.11 (3) on each ten dosage units of a controlled substance that is not sold by weight, or  
23.12 portion thereof, \$400.

23.13 **EFFECTIVE DATE.** This section is effective June 30, 2023.

23.14 Sec. 22. Minnesota Statutes 2022, section 297D.085, is amended to read:

23.15 **297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.**

23.16 If another state or local unit of government has previously assessed an excise tax on the  
23.17 ~~marijuana~~ illegal cannabis or controlled substances, the taxpayer must pay the difference  
23.18 between the tax due under section 297D.08 and the tax previously paid. If the tax previously  
23.19 paid to the other state or local unit of government was equal to or greater than the tax due  
23.20 under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise  
23.21 tax on the ~~marijuana~~ illegal cannabis or controlled substances has been paid to another state  
23.22 or local unit of government.

23.23 **EFFECTIVE DATE.** This section is effective June 30, 2023.

23.24 Sec. 23. Minnesota Statutes 2022, section 297D.09, subdivision 1a, is amended to read:

23.25 Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty  
23.26 imposed, a tax obligor distributing or possessing ~~marijuana~~ illegal cannabis or controlled  
23.27 substances without affixing the appropriate stamps, labels, or other indicia is guilty of a  
23.28 crime and, upon conviction, may be sentenced to imprisonment for not more than seven  
23.29 years or to payment of a fine of not more than \$14,000, or both.

23.30 **EFFECTIVE DATE.** This section is effective June 30, 2023.

24.1 Sec. 24. Minnesota Statutes 2022, section 297D.10, is amended to read:

24.2 **297D.10 STAMP PRICE.**

24.3 Official stamps, labels, or other indicia to be affixed to all ~~marijuana~~ illegal cannabis or  
24.4 controlled substances shall be purchased from the commissioner. The purchaser shall pay  
24.5 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

24.6 **EFFECTIVE DATE.** This section is effective June 30, 2023.

24.7 Sec. 25. Minnesota Statutes 2022, section 297D.11, is amended to read:

24.8 **297D.11 PAYMENT DUE.**

24.9 Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or  
24.10 imports into this state ~~marijuana~~ illegal cannabis or controlled substances on which a tax is  
24.11 imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not  
24.12 already been affixed, the tax obligor shall have them permanently affixed on the ~~marijuana~~  
24.13 illegal cannabis or controlled substance immediately after receiving the substance. Each  
24.14 stamp or other official indicia may be used only once.

24.15 Subd. 2. **Payable on possession.** Taxes imposed upon ~~marijuana~~ illegal cannabis or  
24.16 controlled substances by this chapter are due and payable immediately upon acquisition or  
24.17 possession in this state by a tax obligor.

24.18 **EFFECTIVE DATE.** This section is effective June 30, 2023.

24.19 Sec. 26. **[477A.31] LOCAL GOVERNMENT CANNABIS AID.**

24.20 Subdivision 1. **Certification to commissioner of revenue.** (a) By July 15, 2024, and  
24.21 annually thereafter, the commissioner of management and budget must certify to the  
24.22 commissioner of revenue the balance of the local government cannabis aid account in the  
24.23 special revenue fund at the close of the previous fiscal year.

24.24 (b) By June 1, 2024, and annually thereafter, the director of the office of cannabis  
24.25 management under section 342.02 must certify to the commissioner of revenue the number  
24.26 of cannabis businesses as defined under section 342.01, subdivision 13, licensed under  
24.27 chapter 342 as of the previous January 1, disaggregated by county and city.

24.28 Subd. 2. **Aid to counties.** (a) Beginning for aid payable in 2024, the amount available  
24.29 for aid to counties under this subdivision equals 50 percent of the amount certified in that  
24.30 year to the commissioner under subdivision 1, paragraph (a).



25.1 (b) Twenty percent of the amount under paragraph (a) must be distributed equally among  
25.2 all counties.

25.3 (c) Eighty percent of the amount under paragraph (a) must be distributed proportionally  
25.4 to each county according to the number of cannabis businesses located in the county as  
25.5 compared to the number of cannabis businesses in all counties as of the most recent  
25.6 certification under subdivision 1, paragraph (b).

25.7 Subd. 3. **Aid to cities.** (a) Beginning for aid payable in 2024, the amount available for  
25.8 aid to cities under this subdivision equals 50 percent of the amount certified in that year to  
25.9 the commissioner under subdivision 1, paragraph (a).

25.10 (b) The amount under paragraph (a) must be distributed proportionally to each city  
25.11 according to the number of cannabis businesses located in the city as compared to the number  
25.12 of cannabis businesses in all cities as of the most recent certification under subdivision 1,  
25.13 paragraph (b).

25.14 Subd. 4. **Payment.** The commissioner of revenue must compute the amount of aid  
25.15 payable to each county and city under this section. On or before August 1 of each year, the  
25.16 commissioner must certify the amount to be paid to each county and city in that year. The  
25.17 commissioner must pay the full amount of the aid on December 26 annually.

25.18 Subd. 5. **Appropriation.** Beginning in fiscal year 2025 and annually thereafter, the  
25.19 amount in the local government cannabis aid account in the special revenue fund is annually  
25.20 appropriated to the commissioner of revenue to make the aid payments required under this  
25.21 section.

25.22 **EFFECTIVE DATE.** This section is effective July 1, 2023."

25.23 Amend the title accordingly