



S.F. No. 455 – Sales tax exemption for certain nonprofit physical rehabilitation clinics (as proposed to be amended by the A-1) amendment

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Under current law, certain sales to and purchases by nonprofit hospitals, nonprofit outpatient surgical centers, nonprofit blood centers, and critical access dental providers are exempt from sales tax. This bill adds nonprofit physical rehabilitation clinics to that exemption.

Section 1. Hospitals, outpatient surgical centers, critical access dental providers, blood centers, and nonprofit physical rehabilitation clinics. Adds a new paragraph to the exemption to include nonprofit physical rehabilitation clinics, defined as a clinic:

- organized and operated for charitable purposes under Internal Revenue Code §501(c)(3);
- providing physical therapy, occupational therapy, or speech therapy;
- whose patients covered by medical assistance or MinnesotaCare comprise at least 50% of all patients served in the most recent calendar year;
- providing at least 10,000 patient encounters in the most recent calendar year with patients who are uninsured or who qualify to be covered by medical assistance, MinnesotaCare, or a home and community-based services program;
- offering a sliding payment scale for services; and
- that had no more than 15% of its patients covered by private health insurance in the most recent calendar year.

This section also adds references to nonprofit physical rehabilitation clinics to the exclusions to the exemption for:

- purchases made by a clinic, physician's office or other medical facility not operating as a hospital, nonprofit outpatient surgical center, nonprofit blood center, critical access dental provider, or nonprofit physical rehabilitation clinic;
- sales of prepared food, candy, and soft drinks;
- construction materials used in buildings that will not be principally used by the exempt facility;

- construction materials purchased by a contractor or subcontractor as part of a lump sum contract for use in the construction, repair, or alteration of the exempt facility; or
- the leasing of a motor vehicle.

The bill re-letters paragraphs as a result of adding the exemption for nonprofit physical rehabilitation clinics.

Effective for sales and purchases made after June 30, 2025.



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