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## **S.F. No. 1318 – Sales tax exemption for restaurant equipment (as proposed to be amended by the A-3 delete everything amendment)**

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### **Section 1. Food service establishment equipment.**

- (a) States that the purpose for the exemption is to provide similar treatment between capital equipment used in manufacturing and food service equipment used in the preparation of prepared food and beverages.
- (b) Exempts food service equipment that is purchased or leased in the state and used by a food service establishment.
- (c) Provides definitions used in the exemption. In particular:
  - “**Food service equipment**” means machinery, equipment, fixtures, and supplies used by a food service establishment integral to the production of prepared food or the furnishing of beverages. The definition excludes items used by customers such as linens and utensils, and also excludes motor vehicles purchased by the food service establishment;
  - “**Catering service**” means a business that prepares food and beverages for service in support of an event with a predetermined guest list;
  - “**Food service establishment**” means a restaurant or mobile food unit as defined under current law, or catering service as defined in the bill; and
- (d) Provides that, since the exemption is retroactive, sales and purchases made after December 31, 2019 and before July 1, 2021 are eligible for a refund, which must be applied for in the manner prescribed under current law. The applicant must be the owner of the food service establishment. Refunds must not be issued until after July 1, 2021.

Effective retroactively for sales and purchases made after December 31, 2019 and before January 1, 2025.

**Section 2. Sales tax exemption for certain purchases related to COVID-19.** Provides a retroactive sales tax exemption for materials, supplies or equipment used by a food service establishment to adapt to health guidelines or any executive order related to COVID-19. Sales tax must be paid upfront and refunded under provisions of current law. The maximum refund is \$1,000 per federal employer identification number or Minnesota sales and use tax account number, whichever is used to file sales tax returns. A business with more than one food service establishment location is eligible for a refund of up to \$1,000 per location.

Applies retroactively for sales and purchases made after February 29, 2020, and before January 1, 2022.