



*2018 Issue Brief:*

## **Exempt Restaurant Equipment From Sales Tax**

**POSITION:** The Minnesota Restaurant Association supports exempting foodservice businesses from the state and local sales tax on capital equipment used to produce taxable meals.

### **SUPPORTING INFORMATION:**

- Minnesota state law presently provides a sales tax exemption for manufacturing equipment used to produce products that are later resold and taxed at the point of sale. Restaurants manufacture meals, which are then sold to the consumer and taxed at the point of sale.
- Restaurant equipment was excluded from this exemption in the early 1990s during a budget crisis. There was no tax policy reason for the change.
- Foodservice businesses are the only category of manufacturers required to pay sales tax on their equipment.
- A sales tax exemption is fair, consistent and will likely lead to more investment in energy efficient equipment.