

General Contract Conditions – Beltrami County

1. Contract Interpretation and Construction

- 1.1. The interpretation and construction of the contract shall be subject to the following provisions:
 - 1.1.1. A reference to any statute, enactment, order, regulation or similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as subsequently amended or re-enacted.
 - 1.1.2. The headings in these conditions are for ease of reference only and shall not affect the interpretation or construction of the contract.
 - 1.1.3. A reference to a “person”, where the context allows, includes a corporation or an unincorporated association.

2. Acts by the County

- 2.1. Any decision, act or thing which the County is required or authorized to take or do under the contract may be taken or done by any person authorized, either expressly or impliedly, by the County to take or do that decision, act or thing.

3. Indemnity

- 3.1. The Contractor/Purchaser shall indemnify and save harmless the County, its officers and employees from all suits, actions and claims of any character brought because of injuries or damages received or sustained by any person, persons or property on account of the operations of the said Contractor/Purchaser, or on account of or in consequence of any negligent act in safeguarding the work; or through the use of unacceptable materials in constructing the work; or because of any act or omission, neglect or misconduct of the Contractor/Purchaser; or because of any claims arising or amounts recovered under the Worker's Compensation Act or under any other law, ordinance, order or decree.

4. Equal Opportunity

- 4.1. Beltrami County does not discriminate on the basis of race, color, national origin, sex, religion, age, creed, marital or public assistance status, political affiliation, sexual orientation or disability in employment and the provision of services. Prospective bidders who require special accommodations to participate in the auction should inform Beltrami County Natural Resource Management at least three (3) working days before the auction.

5. Insurance

- 5.1. The Contractor/Purchaser shall not commence work under this contract until it has obtained at its own cost and expense all insurance required herein. All insurance coverage is subject to approval of the County and shall be maintained by the Contractor/Purchaser until final completion of the work.
- 5.2. The County shall not accept any insurance coverage provisions under which the Contractor/Purchaser or its insurer attempt or purport to avail themselves of any governmental right of immunity available to the County as a municipal corporation pursuant to any common law doctrine, M.S. Ch.466 et. Seq. or other statutory authority.
- 5.3. The Contractor/Purchaser further agrees that to protect itself as well as the County under the indemnity contract set forth above it shall at all times during the term of the contract have and keep in force:
 - 5.3.1. Comprehensive General Liability: Coverage shall have minimum limits (\$1,000,000 Each Occurrence, \$2,000,000 General Aggregate) consistent with MN Stat. 466.04 unless otherwise approved and shall include: Combined Single Limit for Bodily Injury Liability and Property Damage Liability. This shall include Premises and Operations; independent Contractor/Purchasers; Products and Completed Operations (if applicable); Contractual Liability; “XC” Hazard Liability (if applicable); Personal Injury Liability; Aircraft and Watercraft Liability (if applicable).

6. Assignment and Sub-Contracting

- 6.1. The Contractor/Purchaser shall not give, bargain, sell, assign or otherwise dispose of the contract or any part thereof without the previous agreement in writing of the County.
- 6.2. The Contractor/Purchaser shall not sub-contract or use the services of self-employed individuals in connection with the contract without the notification and consent of the County.
- 6.3. The Contractor/Purchaser will be responsible for payment of all services and materials provided by the Sub-Contractor/Purchaser.
- 6.4. The Contractor/Purchaser shall be responsible for the acts and omissions of his/her Sub-Contractor/Purchasers as though they were his/her own.

7. Entire Agreement

- 7.1. The contract constitutes the entire agreement and understanding between the parties and supersedes all prior written and oral representations, agreements or understandings between them relating to the subject matter of the contract provided that neither party excludes liability for fraudulent misrepresentations upon which the other party has relied.

8. Waiver

- 8.1. The failure by either party to exercise any right or remedy shall not constitute a waiver of that right or remedy.
- 8.2. No waiver shall be effective unless it is communicated to the other party in writing.
- 8.3. A waiver of any right or remedy arising from a breach of the contract shall not constitute a waiver of any right or remedy arising from any other breach of the contract.

9. Severability

- 9.1. If any condition, clause or provision of the contract not being of a fundamental nature is held to be unlawful, invalid or unenforceable by a court or tribunal in any proceedings relating to the contract, the validity or enforceability of the remainder of the contract shall not be affected. If the court finds invalid a provision so fundamental as to prevent the accomplishment of the purpose of the contract, the parties shall immediately commence negotiations in good faith to remedy the invalidity.

10. Confidentiality

- 10.1. The Contractor/Purchaser agrees not to disclose any confidential information to any third party without the prior written consent of the County. To the extent that it is necessary for the Contractor/Purchaser to disclose confidential information to its staff, agents and Sub-Contractor/Purchasers, the Contractor/Purchaser shall ensure that such staff, agents and Sub-Contractor/Purchasers are subject to the same obligations as the Contractor/Purchaser in respect of all confidential information.
- 10.2. Condition 10.1 shall not apply to information which:
 - 10.2.1. Is or becomes public knowledge (otherwise than by breach of these conditions or a breach of an obligation of confidentiality);
 - 10.2.2. Is in the possession of the Contractor/Purchaser, without restriction as to its disclosure, before receiving it from the County or any other department or office of state or US government; and/or
 - 10.2.3. Is required by law to be disclosed.
- 10.3. The Contractor/Purchaser shall not communicate with representatives of the general or technical press, radio, television or other communications media, with regard to the contract, unless previously agreed in writing with the County.
- 10.4. Except with the prior consent in writing of the County, the Contractor/Purchaser shall not make use of the contract or any confidential information otherwise than for the purposes of carrying out the services.

11. Amendments and Variations

- 11.1. No amendment or variation to the terms of the contract shall be valid unless previously agreed in writing between the County and the Contractor/Purchaser.

12. Provision of Services

- 12.1. The Contractor/Purchaser shall conduct the work in accordance with and as specified in the contract to the satisfaction of the County whose decision shall be final and conclusive. The County shall have the power to inspect and examine the work at any reasonable time.

13. Termination for Breach of Contract

- 13.1. If either party commits a material breach of the contract which is either not capable of remedy, or, if it is capable of remedy, fails to remedy such breach within five (5) days of being notified by the other party in writing to do so, that other party shall be entitled to terminate the contract with immediate effect by notice in writing to the party that committed the material breach and without prejudice to any other rights or remedies of either party in respect of the breach concerned or any other breach of the contract.
- 13.2. If the Purchaser feels that they are being penalized unfairly under this clause, they may appeal this action to the Director of Resource Management/Land Commissioner, then to the County Board.

14. Cancellation

- 14.1. The County shall be entitled to cancel the contract, or to terminate the provision of any part of the contract, by giving to the Contractor/Purchaser not less than fifteen (15) days' notice in writing to that effect without prejudice to any rights or remedies of the Contractor/Purchaser for breach of contract.

15. Rights of Third Parties

15.1. It is not intended that the contract, either expressly or by implication, shall confer any benefit on any person who is not a party to the contract.

16. Law and Jurisdiction

16.1. The contract shall be governed by and construed in accordance with Minnesota State Law and United States Federal Law and shall be subject to the exclusive jurisdiction of the courts of Minnesota and the United States.

17. Compliance with Laws, Regulations and Other Requirements

- 17.1. The Contractor/Purchaser shall conduct all activities in accordance with all applicable federal, state and local laws, regulations and ordinances.
- 17.2. The Contractor/Purchaser will ensure that all activities and practices adhere to the following requirements:
 - 17.2.1. The Project Plan for the site;
 - 17.2.2. The Minnesota Voluntary Site-Level Forest Management Guidelines
 - 17.2.3. SFMS Procedures as defined in the Contractor Procedure Package; and
 - 17.2.4. Any oral or written directions provided to the Operator or Operator’s designated supervisor on the sale site by the Contract Administrator or other Land Department personnel and Timber Sale conditions.
 - 17.2.5. Operator shall have all necessary permits, approvals or certifications required by law to conduct said activities.

Timber Sale Conditions

1. Definition of Terms

Active Sale	A timber sale on which all of the remaining payments due before cutting have been paid and logging activities may begin.
Bolts	Logs 100 inches in length, ≥6 inches diameter inside bark (DIB), but ≤12 inches DIB on the small end, and of sufficient quality to saw lumber.
Closed Sale	A terminated sale contract. All sale activities are complete.
Contract Administrator	Individual county employees responsible for administration and enforcement of timber sale policies, procedures, and cutting regulations.
DBH	Diameter Breast Height
Delinquent Account	An overdue account beyond the interest-free period.
Inactive Sale	Sale in which the final payment has not been made to fully secure the contract (cash or letter of credit). No harvesting activities have occurred or are allowed to occur.
Merchantable Timber	Hardwood and upland conifer tree species 5 inches or greater in DBH and containing two or more 100 inch bolts or pulp sticks to a 4-inch DIB top. Swamp conifer species with 2 or more bolts and/or pulp sticks to a 3-inch DIB top. Merchantable trees must also have a reasonable market and be of sufficient quality, as determined by the Contract Administrator.
Progressive Harvest	A harvest method in which the contractor works incrementally across the sale area, harvesting all merchantable timber products as the contractor proceeds, as opposed to the contractor moving throughout the entire sale area selecting and harvesting a particular timber product.
Sale Area	The area identified on a Timber Appraisal that contains all timber sold on that timber sale contract.
Scaling	The measuring of cut timber products. Stick scaling refers to volume measurements made by the Contract Administrator or their representative. Consumer scaling refers to volume or weight measurements taken by a timber consuming mill.
Sold on Area Estimate	Timber sold based upon the volume estimate shown on the Timber Appraisal whereby no scaling of timber is required.
Stick	A 100 inch length of timber that exceeds minimum pulpwood dimensions.
Timber Appraisal	The portion of the timber sale contract that contains the volume estimates, appraised values, sale map, legal description, contract acreage, other descriptive factors, and special cutting regulations.

2. Financial and Payment Provisions

2.1. Payment of Timber

2.1.1. Advance Payment: Sealed Bid Auction

2.1.1.1. The Purchaser shall submit one (1), three hundred (\$300.00) dollar bank certified check, personal check, or money order as a “bid guarantee” and it must be included with the sealed bid form. One (1) bid guarantee check will cover all tract bids for that day and will be returned within five (5) working days if none of the bids are successful. For a successful bidder, the bid guarantee will be applied to the advance payment on the first tract awarded. This payment acknowledges agreement to the Timber Sale

Contract conditions for any tracts on which they are the successful bidder. Successful bidders will have fifteen (15) days to submit the remainder of the balance for the down payment which is fifteen (15%) percent of the "bid-up" value. Failure to do so will result in rejection of bid, loss of bidding privileges for one (1) regularly scheduled auction, and loss of the "bid guarantee".

2.1.2. Advance Payment: Oral Auction

- 2.1.2.1. The successful bidder is required to pay fifteen (15%) percent advance payment of the appraised value on the day of the auction sale. The balance of fifteen (15%) percent of the "bid-up" sale value is due within fifteen (15) days of the sale date. Failure to meet either of these payment responsibilities will result in forfeiture of the bidder's rights to the sale, and loss of bidding privileges for one (1) regularly scheduled auction.
- 2.1.2.2. For auction sales that are partitioned into and sold as separate cutting blocks, the advance payment is to be fifteen (15%) percent of the bid-up price of the entire timber sale.

2.1.3. Full Payment

- 2.1.3.1. The sold value of the appraised volume of timber must be paid before cutting begins.
- 2.1.3.2. The value of each separate block must be paid in full before any cutting may begin on that block.
- 2.1.3.3. If paid by check, the contract is not valid until the check has cleared.
- 2.1.3.4. The balance of the sale may be secured using an Irrevocable Letter of Credit issued by a financial institution. This letter of credit will not exceed the closing date of the permit or one (1) year, whichever comes first. If the contractor removes their equipment from the sale area, Beltrami County must be paid for the timber that has been hauled within thirty (30) days. On area estimate sales, the Contract Administrator will estimate the percentage complete. Beltrami County will contact the financial institution to reduce the value of the Letter of Credit.

2.1.4. Overruns & Underruns

- 2.1.4.1. Payment of overruns will be made within thirty (30) days of notification by the Land Department. Ten (10%) percent interest will be charged on all overruns exceeding thirty (30) days.
- 2.1.4.2. Overruns not paid within thirty (30) days from date of scale may be considered as a timber trespass.
- 2.1.4.3. Underruns on scale products will be credited to the Purchaser.
- 2.1.4.4. In the event that the actual main species volume on a timber sale contract (main species being the largest appraised single-species volume) exceeds one-hundred twenty (120%) percent of the appraised main species volume during the course of harvesting a timber sale contract (as determined by consumer scale or administrator field scale), the contractor has the option of choosing not to harvest the remaining standing timber volume under the following conditions:
 - 1. The Contractor has conducted a progressive harvest;
 - 2. The Contractor communicates their desire to not harvest the remaining standing timber volume to the Contract Administrator;
 - 3. The contract alteration of sale area is documented on a Field Corrective Action Request form and signed by the Contractor; the Contract Administrator; and the Land Commissioner; and;
 - 4. The Contractor completes all the original contract provisions within a new sale completion boundary established and marked by the Contract Administrator internal to the original sale boundary.

2.2. Delinquent Accounts

- 2.2.1. New contracts may not be bid upon, purchased or opened, nor cutting begun on already-purchased sales until outstanding overruns, extension fees, and/or other Land Department bills are paid.
- 2.2.2. No contract shall be approved for an auction tract from any bidder having a delinquent or uncollectible timber sale account with any county, state, or federal agency, or from any bidder involved in a pending timber trespass case with any county, state, or federal agency.
- 2.2.3. No individual shall participate in any contract on county managed land that has a delinquent or uncollectible timber sale account with any county, state, or federal agency.

2.3. Scaling (ONLY IF SALE IS NOT SOLD ON AREA ESTIMATE)

- 2.3.1. The Purchaser shall pay for all merchantable products on the sale area at the rate stated in this contract. All products are sold subject to scale unless otherwise stated in this contract. No products will leave the harvest site unless scaled or under a consumer agreement.

2.3.2. Consumer Scale

- 2.3.2.1. Timber hauled under Consumer Scale Agreement is subject to the conditions stated on that agreement and on the consumer scale ticket book. A consumer scale agreement will remain in force until the contract expires.
- 2.3.2.2. The cord-weight conversions listed in Appendix 1 shall be used.
- 2.3.2.3. Consumer scale books must be properly completed and returned to the County within thirty (30) days after timber removal.
- 2.3.2.4. The Operator authorizes the release of information pertaining to all loads hauled to a consumer regardless of source.
- 2.3.2.5. The Purchaser may be charged fifty (\$50.00) dollars for each unreturned or improperly filled out ticket book. Unaccounted for loads will be billed at a rate equal to the average load of a sale.
- 2.3.2.6. A conversion factor of 2.25 cords/MBF will be used to determine cords from scale tickets expressed in board feet.

2.3.3. Stick Scales

- 2.3.3.1. Products subject to stick scale must be piled to facilitate efficient and accurate scaling, and labeled with the contract number.
- 2.3.3.2. The Contract Administrator must be notified at least two (2) working days in advance of when a stick scale is required.

2.3.4. Mixing of Species

- 2.3.4.1. Mixed species and species products sold subject to scale must be kept separate until scaled unless otherwise approved by the Contract Administrator.

2.4. Sold Area Estimate Sales (Lump Sum Sale)

- 2.4.1. Any sales, or parts thereof, scaled and sold as appraised by timber cruise scale, will not be adjusted or reappraised after the sale.

2.5. Timber Damaged by Pests, Disease or Catastrophic Events

- 2.5.1. The County will not renegotiate the price on a timber sale.
- 2.5.2. **Inactive Timber Sale** – When thirty-three (33%) percent or more of the sale volume has been damaged within the sale area as determined by the Contract Administrator, the Purchaser may either harvest the sale “as is” or the sale will revert to the County and the Purchaser will be refunded their advance payment.
- 2.5.3. Advance payment will not be refunded if the sale has been extended.
- 2.5.4. **Active Timber Sale** – When thirty-three (33%) percent or more of the sale volume has been damaged within the sale area as determined by the Contract Administrator prior to the expiration date of the original sale contract, the County may refund the balance of the sale to the Purchaser depending on the damage and the situation under which it occurred.

3. Sale Start and Expiration

3.1. Notification

- 3.1.1. **Startup of Sale Activities** – The Purchaser shall notify the Contract Administrator at least three (3) days before commencing work on a sale, and each time activities are resumed after being discontinued for an extended period.
- 3.1.2. **Pre-Work Meeting** – The Purchaser must meet with the Contract Administrator on-site to conduct a pre-work meeting.
- 3.1.3. **Closure of Sale Activities** – The Purchaser shall notify the Contract Administrator at least three (3) working days before logging equipment is removed from the sale.

3.2. Expiration of Timber Sale Contract

- 3.2.1. All timber must be cut prior to the expiration date of the Timber Sale Contract.
- 3.2.2. An extension request must be received in writing and may be granted at the discretion of the Land Commissioner.
- 3.2.3. No extension will be granted without an additional payment of ten (10%) percent of the uncut volume based on bid price, as determined by the Contract Administrator.
- 3.2.4. Extensions will not be granted to any operator having a delinquent or uncollectible timber sale account with any county, the state or federal agency.

- 3.2.5. A no-fee ninety (90) day hauling extension to haul and skid timber that has been cut prior to the expiration date may be granted at the discretion of the Land Commissioner upon a request prior to expiration date in writing from the Purchaser.

3.3. Closing of Contract within Thirty (30) Days

- 3.3.1. Road repair, felling of residual timber and other contract requirements must be completed within the timeframe designated by the Contract Administrator.
- 3.3.2. If work is not completed within the timeframe designated, the County may complete the contract requirements at the cost of Purchaser.

3.4. Halting of Sale Activities

- 3.4.1. The Contract Administrator may stop any or all sale activities immediately for non-compliance with this contract, the Project Plan or County procedures, to prevent damage to the site or during high fire danger. Work can be stopped for as long as necessary to resolve the infraction or ensure protection of the site.

3.5. Sale Closed with Conditions

- 3.5.1. A sale may be 'closed with conditions' which may be to complete hauling or site work, upon recommendation of Contract Administrator and approval of the Land Commissioner. This status may allow other sale opening or bidding, given that fees are not outstanding, timeframe and requirements for completion of contract are agreed upon, contract remains in force at this time.

3.6. Eligibility for Sales

- 3.6.1. Violation of the eligibility requirements to participate in Timber Sales shall result in loss of the sale and may result in loss of all money deposited on the sale to help offset enforcement costs and as punitive damages.

4. Sale Activities

4.1. Alternate Landing Sites

- 4.1.1. The County may allow temporary stockpiling of timber outside of the sale area subject to the conditions stated on the "Alternate Landing Addendum to Sale Contract". Alternate landing sites must be approved in writing and signed by all parties.

4.2. Marking Loads

- 4.2.1. All truckloads of timber **must** have contract numbers marked on the right and left sides of the load. Any load leaving a contract area without proper identification may be treated as trespass and penalized as such.

4.3. Timber Utilization

- 4.3.1. Upon final inspection of a contract, any residual, non-reserve timber down or standing which is deemed merchantable in the estimation of the Contract Administrator and shall be charged for.
- 4.3.1.1. A scaling fee will be charged if substantial time is required to estimate the volume.
- 4.3.1.2. Timber remaining on the landing after the sale is closed or closed with conditions shall be removed within ninety (90) days.
- 4.3.1.3. Timber left on landings beyond the approved time shall become the property of the County.

4.4. Residual Tree Damage Guide

- 4.4.1. Timber sales with tree damage exceeding five (5%) percent of the residual leave tree on clear cuts or thinning may be charged at a rate of double bid up value. The damaged trees are not to be harvested. If a reserve tree has been willfully cut, the rate of triple bid up value shall be charged.

4.5. Land Survey Markers or Monuments

- 4.5.1. Land Survey markers or monuments will not be damaged and bearing trees will not be damaged or cut. Willful destruction of a monument is a misdemeanor per M.S. 505.33.

4.6. Access to Sale Area

- 4.6.1. Purchaser shall obtain approval from all affected landowners and/or land management agencies before gaining access to the sale area.
- 4.6.2. Road locations and landings must be approved by the Contract Administrator.
- 4.6.3. Upon approval of the Contract Administrator, the Purchaser may enter a sale prior to full payment to develop logging roads or landings. Any incidental timber logged in development of roads and landings must be paid before it can be removed from the site.

Appendix 1 – Cord Weight Conversions

When timber is weight-scaled, the following cord-weight conversions shall apply

Weight to Cord Conversions for use with all Forest Products as of July 1, 2005

- Includes all chips – bark on or bark off
- Winter/Summer weights no longer apply to aspen

Species	Weight
Ash	5000
Elm	5500
Silver Maple/Boxelder	5000
Aspen Species	*
Q. Aspen	4500
P. Birch	4600
Balm of Gilead	4800
Cottonwood	5000
Bigtooth Aspen	4500
Mixed Maple	5000
Red Maple	5500
Sugar maple (hard)	5500
Basswood	4600
Yellow birch	5500
Black Walnut	5500
Butternut	5000
Oak Spp.	5500
Red Oak	5500
White Oak	5500
Burr Oak	5500
White Ash	5000
Mixed Pine	*
White Pine	4400
Norway Pine	4700
Jack Pine	4600
White Spruce	4200
Balsam Fir	4700
Black Spruce	4200
Tamarack	5000
N. White Cedar	2900
Mixed Spruce	4200

* Weighted by species percentage from appraisal or scale

CONTRACTOR APPLICATION FORM

Please complete all sections of this application. Append additional pages, materials, or other information as necessary.

Part 1 General Information

1.1 Business Information

Business Name			Federal ID#
Address			
City			
State		Zip	

1.2 Business Contacts

Primary Contact:		Alternate Contact:	
Office Phone		Office Phone	
Fax		Fax	
Cellular		Cellular	
Shop Phone		Shop Phone	
Home Phone		Home Phone	
E-mail		E-mail	

1.3 Insurance Coverage

<i>Type</i>	<i>Coverage Limits</i>	<i>Carrier and Agent</i>	<i>Expiration Date</i>
General Liability			
Other			

Attach copies of the Copy of Certificate of Insurance. If these documents are not available at the time this application is completed, they will be required at the time any contract is signed.

1.4 Contractor Services

Describe services provided by your company (check all that apply) Append relevant promotional or descriptive information as appropriate.

<input type="checkbox"/>	Site Preparation	<input type="checkbox"/>	Tree Planting	<input type="checkbox"/>	Cone Picking
<input type="checkbox"/>	Pre-commercial Thinning	<input type="checkbox"/>	Fertilizer Application	<input type="checkbox"/>	Chemical Application
<input type="checkbox"/>	Surveying	<input type="checkbox"/>	Forest Inventory (Cruising)	<input type="checkbox"/>	Timber Marking
<input type="checkbox"/>	Pest Management	<input type="checkbox"/>	Line Marking	<input type="checkbox"/>	Gravel Hauling
<input type="checkbox"/>	Timber Harvest	<input type="checkbox"/>	Trucking	<input type="checkbox"/>	Gravel Extraction
<input type="checkbox"/>	Road Construction	<input type="checkbox"/>	Road Maintenance	<input type="checkbox"/>	Trail Grooming
<input type="checkbox"/>	Demolition (Buildings)	<input type="checkbox"/>	Septic	<input type="checkbox"/>	Beaver Control
<input type="checkbox"/>	Bud Capping	<input type="checkbox"/>	Culvert Repair	<input type="checkbox"/>	Gate Installation
<input type="checkbox"/>	Other services:				

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Part 2 Capability and Experience

2.1 Resources available

Briefly describe resources (number of employees, crews, equipment, facilities, etc.) that are used in the work.

2.2 Experience

Use the form below to describe significant contract services provided in the past 5 years. Please provide detail on clients and locations, what services were provided (from list in Part 1 above) over what time period, the scope of the work (number of contracts, acreage treated, etc.), and references that can describe your work and performance. Append additional pages, materials, or other information as necessary.

Reference(s) and phone number(s):	
Client:	Location:
Services:	Duration:
Scope:	
Reference(s) and phone number(s):	
Client:	Location:
Services:	Duration:
Scope:	
Reference(s) and phone number(s):	

Part 3 Credentials and Qualifications

3.1 Licenses and Permits

Use the form below or append a separate list describing licenses and permits relevant to the services your company provides (i.e. pesticide applicator's). If the permit/license is held by an employee, please provide the names of the employee(s).

License / Permit:	
Issued To:	Issued By:
License #	Expiration Date
License / Permit:	
Issued To:	Issued By:
License #	Expiration Date

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3.3 Industry or Professional Affiliations

Use the form below or append a separate list describing the industry or professional associations of which your company is a member.

Industry Association	Membership Type

Part 4 Logger Education Training (MLEP or Equivalent)

4.1 Use the form below or append a separate list describing the types and dates of logger education training received by the main business owner, supervisory employees and other employees.

Name	Date	Type of Training

Part 5 Migrant and Seasonal Workers (Where Applicable)

5.1 Required Documentation

Attach copies of the following documents. If these documents are not available at the time this application is completed, they will be required at the time any contract is signed.

- **Crew roster(s)**
- **Work condition disclosure statement** provided to workers (in Spanish)
- **Signed statement from contractor** that the work condition disclosure statement has been given to all workers.
- Copy of **Contractor’s Certificate of Registration**
- **MSPA Housing Inspection Certificate** (required only if contractor is providing housing)
- Copies of **drivers licenses for all drivers of vehicles transporting workers**
- Copy of **certificate of vehicle inspection** required by DOL for all vehicles transporting workers
- Copy of **Certificate of Insurance**
 - Comprehensive public liability minimum \$1,000,000 combined single limit

Contract insurance information supersedes application...please see contract excerpt included below.

Part 6 Environmental and Safety Performance

6.1 Environmental Performance

6.1.1 Has your company ever been responsible for an environmental incident that has resulted in damage to the environment; or been convicted of an environmental offense? Briefly describe all incidents.

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6.2 Safety Performance

6.2.1 Describe employee participation in internal or external safety training programs (LogSafe).

6.2.2 What was your company's OSHA Incident Rate for the past 3 years?

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Minnesota Counties Sustainable Forest Cooperative Package for Field Operators





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1. Management and Communication

1.1 Responsible Operator List

The Responsible Operator List is designed to assure the certification program that the independent contractors conducting work on Land Department managed lands are responsible for meeting the needs of the Sustainable Forest Management System (SFMS).

You must be on the Responsible Operator List to qualify to bid on a Timber Sale, to conduct logging operations on Land Department managed lands or, to otherwise provide services for the Land Department.

To become a responsible bidder you need to fill in the Responsible Operator Application Form and satisfy the qualification and insurance requirements (see Section 1.2 below).

1.1.1 Suppliers

Suppliers who deliver products or provide services on a work site on Land Department managed lands such as equipment mechanics or fuel suppliers do not need to be on the Responsible Operator List, however, they must be under your supervision while conducting any activities on the worksite and you are responsible for ensuring that their activities do not contravene Land Department requirements and providing direction in the event of any emergency.

1.2 Qualifications for Responsible Bidders

Any person or company may apply to be on the Responsible Operator List.

All Responsible Operators must have the appropriate training, experience, licenses and/or certification to conduct the work activities that are the subject of a contract with the Land Department. Qualification requirements for the Responsible Operator List are identified in the Responsible Operator Application Form provided in the Forms section. The basic requirements are as follows:

- Logging operators must have at least one person on site with appropriate Minnesota Logger Education Program (MLEP) training or equivalent;
- Road construction crews and forest renewal operators (other than tree planters) must have at least one person on site with training in Voluntary Site Level Guidelines;
- Anyone applying chemicals on Land Department managed lands must be a Licensed Pesticide Applicator.

1.3 Insurance

No Field Operator may commence work on Land Department Managed Lands until they show satisfactory proof of insurance. Field Operators must carry the following insurance. Specific information on minimum dollar limits required will be defined in the text of the Contract:

- **Workers Compensation** insurance covering all employees meeting statutory limits in compliance with the applicable state and federal laws. The coverage must include Employers' Liability with limits defined in the Contract.
- **Comprehensive General Liability:** insurance with a defined minimum limit per occurrence, Combined Single Limit for Bodily Injury Liability and Property Damage

Liability. This shall include Premises and Operations; independent contractors; Products and Completed Operations (if applicable); Contractual Liability; "XC" Hazard Liability (if applicable); Personal Injury Liability; Aircraft and Watercraft Liability (if applicable);

•

1.4 Compliance with Legal Requirements and Voluntary Guidelines

The Land Department is committed to ensuring that all operations conducted on the lands it manages comply with legal requirements and with the State of Minnesota Voluntary Site Level Forest Management Guidelines (Voluntary Guidelines).

All field operators who conduct work activities on our lands must be aware of and be in compliance with applicable laws and regulations and with the Voluntary Guidelines that apply to their work activities.

All operators are to comply with Land Department contract requirements, operating procedures, Project Plans, and directions given from Land Department personnel during the course of work on our lands.

The General Requirements Section of the contracts emphasizes the importance of compliance with laws and regulations and the Voluntary Guidelines.

During inspections, internal and external audits, Land Department personnel will be checking for compliance with laws and regulations, Voluntary Guidelines, and Land Department requirements and procedures.

1.5 Pre-work Meetings

1.5.1 Pre-Work Meetings with the Contract Administrator

All field operators must meet with the Land Department Contract Administrator to conduct a pre-work meeting prior to commencing any work on the site.

The Contract Administrator will walk the site with the Field Operator and/or the foreman and will review the following:

- Pre-work Checklist;
 - Project Plan;
 - Site map and ensure that boundaries and reserves are clearly noted on the map and understood.
 - Land Department contract requirements including performance measures;
 - Applicable Land Department procedures;
 - Issues related to access, timing of activities, and sensitivity of neighboring landowners;
 - Special features or conditions of concern on the site (e.g., resource features, sensitive sites, work windows, etc.);
 - All project documents to ensure permits and approvals are in place;
 - Operational logistics (e.g., crew composition, scheduling, transportation, communication, specific machinery, etc.);
- Agree on the location of landings and skid trails and other key areas.
 - Verify emergency response equipment
 - Discuss any concerns and agree to any changes in the Project Plan

The Contract Administrator will provide copies of all pertinent information to the Field Operator and inform the Field Operator that all field employees must be informed of this information.

The Contract Administrator will have the Field Operator or Foreman, sign-off on the Pre-Work Checklist that the pre-work meeting was held and all pertinent issues were covered and understood.

1.6 Project Plans

An Operator may have work instructions and procedures from companies in the area that are SFI or FSC certified however, ensure that everyone on the work site understands that when working on Land Department managed lands, it is our procedures and requirements that apply.

1.7 Inspections

Land Department personnel will regularly inspect and document all work conducted on Land Department managed lands. If, as a result of an inspection, Land Department personnel find a significant issue that is not in conformance with our procedures, contract requirements, or project plan, Land Department personnel will issue you a request to initiate corrective action. In the corrective action request, a time frame is stipulated where the corrective action is expected to be completed.

Failure to complete the requested corrective action may result in the Land Department undertaking or conducting the work at your expense.

The Land Department is committed to working with Field Operators to improve performance and maintain good working relations with the Land Department.

Persistent trends of poor performance or significant non-conformance may result in the Land Department taking corrective action as deemed appropriate.

Annually, trend information related to issues of concern occurring on Land Department managed lands is summarized and reviewed.

1.8 Significant Non-Conformances

Where a non-conformance with Land Department requirements is identified, Field Operators will be given a written notice of unsatisfactory performance.

If the Land Department determines that the non-conformance is significant they may do one or more of the following:

- Require the Field Operator and/or the Land Department to implement appropriate corrective action;
- Invoke any remedy or penalty outlined in the Contract;
- Terminate the Contract;
- Place the Responsible Operator in a probationary status;
- Remove the Field Operator from the Responsible Operator List; and
- Take any legal action necessary, up to and including civil and criminal charges.

1.9 Reporting to the Land Department Contract Administrator

The following should be reported immediately or as soon as practicable to the Contract Administrator:

- If you see anything that is **not in the Project Plan**, such as previously unidentified seeps, springs, potential rare and endangered species nesting sites, or cultural features such as burial sites, old camps or homesteads, or potential archeological sites.
- If **excessive site damage is or will** occur due to high moisture (rutting, compaction, erosion).
- If you have done anything that is **not in the Project Plan or is outside a site boundary**.
- **Any complaints or inquiries you receive** regarding the activities on the site or Land Department activities. The Land Department has a procedure to ensure that we provide timely and complete responses to any inquiries or complaints related to our activities.
- **Any emergency events such as accidents, fires, and spills AFTER you have notified the proper authorities.**



2. Summary of Key Policies and Procedures

2.1 Sustainable Forest Management Policy

Related procedures: LD-P1 Sustainable Forest Management Policy and LD-P2 Statement of Operational Commitments.

The Land Department has developed a Sustainable Forest Management Policy. The policy is included in this package of materials but is also available on the County website.

The policy commits the Land Department to:

- comply with laws and regulations and Voluntary Site Level Forest Management Guidelines;
- continually improve performance; and
- prevent damage to the environment.

The policy also commits the Land Department to sustainable forest management. To achieve sustainable forest management the County has committed to the following:

- Sustainable harvesting;
- Prompt reforestation;
- Protecting water quality;
- Protecting wildlife and promoting biodiversity at the stand and landscape level;
- Protecting areas that have features or conditions that have ecological, geological, cultural, social, or historical significance;
- Protecting visual quality;
- Using responsible operators; and
- Public participation and education.

2.2 Threatened and Endangered Species

In your operations you may encounter animals and vegetation that may be threatened, endangered, or of special concern.

By state and federal law we are required to protect and report threatened and endangered species.

It is everyone's responsibility to be **able to identify these species** and ensure they are protected.

A species is considered endangered if the species is threatened with extinction throughout all or a significant portion of its range within Minnesota.

A species is considered threatened if the species is likely to become endangered within the foreseeable future throughout all or a significant portion of its range within Minnesota.

The US Fish and Wildlife Service has developed a list of Minnesota's Federally-Listed Threatened, Endangered, Proposed, and Candidate Species and the Counties in which they may

be found. You will note that many of these species can be found in the County. Please review the list with your personnel (<http://www.fws.gov/midwest/endangered/lists/minnesot-spp.html>).

You can find additional information on threatened and endangered species on the DNR web site. The website has excellent descriptions and pictures. <http://www.dnr.state.mn.us/ets/index.html>.

2.3 Field Emergency Preparedness and Response

Related procedure: LD-OP4 Field Emergency Preparedness and Response

All Land Department contractors are responsible for safety awareness, for being aware of all Land Department Emergency Response Procedures applicable to their work, and working safely.

Field operators must maintain emergency response equipment in field equipment and at the main landing such as first aid kits, communication equipment, MSDS sheets, fire extinguishers and spill kits as listed in LD-OP4. Chemical applicators must carry the personal protective equipment required to apply the specific chemical(s) they are handling. Chemical applicators must also ensure that in addition to the spill response equipment outlined above they have the appropriate materials to respond to a spill of chemicals they are using, transporting or storing on Land Department Managed Lands.

Part of emergency response is dealing with spills of chemicals or petroleum products. Please ensure that everyone in your organization that works on Land Department managed lands understands when to report a spill and what actions can be taken. Specific information is found in LD-OP4.

LD-OP4 also covers procedures for response to physical injury or medical emergency, fire response, missing personnel, and severe weather or natural disaster.

2.4 Fuel Management, Lubricants, and other Chemicals

Related procedure: LD-OP10 Fuel, Chemical, and Waste Management for Field Operators

The Land Department is committed to ensuring that fuel management and the management of chemicals on its lands complies with legal requirements.

The legal requirements that apply to fuel management and the types and quantities of chemicals are Department of Transportation Requirements (DOT).

Most operators carry diesel in tanks that have a capacity of less than 119 gallons, lubricants in plastic containers of 5 gallons or less, and other small quantities of chemicals. The rules for these types of quantities and chemicals are as follows:

- Tanks and containers must be correctly labeled;
- Tanks and containers must be in good condition and solidly secured to your vehicle during transport;
- Lubricants, antifreeze, and other materials must be in the original containers;
- Small amounts of diesel and gasoline must be in appropriate containers; and



Forms and Resources

1. Terms & Definitions for Field Operators
2. Responsible Operator Application Form (Form CM1-01)
3. Responsible Bidder Application Form (Form CM1-02)
4. Pre-Work Checklist (Form CM1-03)
5. General Contract Conditions
6. Timber Sale Contract
7. List of Threatened and Endangered Species By County
8. List of Websites with additional information



Policies and Procedures

1. Sustainable Forest Management Policy (LD-P1)
2. Statement of Operational Commitments (LD-P2)
3. Emergency Preparedness and Response (LD-OP4)
4. Prevention of Site Damage (LD-OP9)
5. Fuel, Chemical Management and Waste Management for Field Operators (LD-OP10)

2014 Minnesota Statutes

466.04 MAXIMUM LIABILITY.

Subdivision 1. **Limits; punitive damages.**

(a) Liability of any municipality on any claim within the scope of sections 466.01 to 466.15 shall not exceed:

(1) \$300,000 when the claim is one for death by wrongful act or omission and \$300,000 to any claimant in any other case, for claims arising before January 1, 2008;

(2) \$400,000 when the claim is one for death by wrongful act or omission and \$400,000 to any claimant in any other case, for claims arising on or after January 1, 2008, and before July 1, 2009;

(3) \$500,000 when the claim is one for death by wrongful act or omission and \$500,000 to any claimant in any other case, for claims arising on or after July 1, 2009;

(4) \$750,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 1998, and before January 1, 2000;

(5) \$1,000,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2000, and before January 1, 2008;

(6) \$1,200,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2008, and before July 1, 2009;

(7) \$1,500,000 for any number of claims arising out of a single occurrence, for claims arising on or after July 1, 2009;

(8) twice the limits provided in clauses (1) to (7) when the claim arises out of the release or threatened release of a hazardous substance, whether the claim is brought under sections 115B.01 to 115B.15 or under any other law; or

(9) \$1,000,000 for any number of claims arising out of a single occurrence, if the claim involves a nonprofit organization engaged in or administering outdoor recreational activities funded in whole or in part by a municipality or operating under the authorization of a permit issued by a municipality.

(b) No award for damages on any such claim shall include punitive damages.

Subd. 1a. **Officers and employees.**

The liability of an officer or an employee of any municipality for a tort arising out of an alleged act or omission occurring in the performance of duty shall not exceed the limits set forth in subdivision 1, unless the officer or employee provides professional services and also is employed in the profession for compensation by a person or persons other than the municipality.

Subd. 1b.Total claim.

The total liability of the municipality on a claim against it and against its officers or employees arising out of a single occurrence shall not exceed the limits set forth in subdivision 1.

Subd. 2.Inclusions.

The limitation imposed by this section on individual claimants includes damages claimed for loss of services or loss of support arising out of the same tort.

Subd. 3.Disposition of multiple claims.

Where the amount awarded to or settled upon multiple claimants exceeds the applicable limit under subdivision 1, paragraph (a), clauses (4) to (9), any party may apply to any district court to apportion to each claimant a proper share of the total amount limited by subdivision 1. The share apportioned each claimant shall be in the proportion that the ratio of the award or settlement made to each bears to the aggregate awards and settlements for all claims arising out of the occurrence.

History:

1963 c 798 s 4; 1976 c 264 s 1-3; 1983 c 121 s 28; 1983 c 331 s 2,3; 1986 c 444; 1989 c 325 s 50; 1997 c 210 s 3,4; 2006 c 232 s 2; 2012 c 131 s 2,3

Certificate of Exemption

Purchaser: Complete this certificate and **give it to the seller.**

Seller: If this certificate is not fully completed, you must charge sales tax. Keep this certificate as part of your records.

This is a blanket certificate, unless one of the boxes below is checked, and remains in force as long as the purchaser continues making purchases, or until otherwise cancelled by the purchaser.

Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____.

If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make multiple purchases for a specific job. Enter the exempt entity name and specific project:

Exempt entity name _____ Project description _____

Type or print	Name of purchaser _____			
	Business address _____		City _____	State _____ Zip code _____
	Purchaser's tax ID number _____		State of issue _____	
	If no tax ID number, enter one of the following:	FEIN _____	Driver's license number/State issued ID number _____ state of issue _____ number _____	
	Name of seller from whom you are purchasing, leasing or renting _____			
	Seller's address _____		City _____	State _____ Zip code _____

Type of business. Circle the number that describes your business.

Type of business	01 Accommodation and food services	11 Transportation and warehousing
	02 Agricultural, forestry, fishing, hunting	12 Utilities
	03 Construction	13 Wholesale trade
	04 Finance and insurance	14 Business services
	05 Information, publishing and communications	15 Professional services
	06 Manufacturing	16 Education and health-care services
	07 Mining	17 Nonprofit organization
	08 Real estate	18 Government
	09 Rental and leasing	19 Not a business (explain) _____
	10 Retail trade	20 Other (explain) _____

Reason for exemption. Circle the letter that identifies the reason for the exemption.

Reason for exemption	A Federal government (department) _____	I Agricultural production
	B Specific government exemption (from list on back) _____	J Industrial production/manufacturing
	C Tribal government (name) _____	K Direct pay authorization
	D Foreign diplomat # _____	L Multiple points of use (services, digital goods, or computer software delivered electronically)
	E Charitable organization # _____	M Direct mail
	F Educational organization # _____	N Other (enter number from back page) _____
	G Religious organization # _____	O Percentage exemption
	H Resale	<input type="checkbox"/> Advertising (enter percentage) _____ %
		<input type="checkbox"/> Utilities (enter percentage) _____ %
		<input type="checkbox"/> Electricity (enter percentage) _____ %

Sign here I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$100 under Minnesota law for each transaction for which the certificate is used.)

Signature of authorized purchaser _____	Print name here _____	Title _____	Date _____
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Exemption descriptions

See the Form ST3 instructions and exemption descriptions for more information about the following exemptions.

Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

A. Federal government

Fill in department.

B. Specific government exemption

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items
- Firefighter equipment
- Hospitals
- Libraries
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Local governments
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government

Fill in the name of the Tribe.

D. Foreign diplomat

Fill in the number issued to the foreign diplomat.

E. Charitable organization

Organizations that operate exclusively for charitable purposes.

F. Educational organization

Schools, school districts, scouts, youth groups, etc.

G. Religious organization

Churches and other religious organizations.

H. Resale

Items or services purchased for resale.

I. Agricultural production

Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

J. Industrial production

Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product.

K. Direct pay

Direct pay authorization issued by the Department of Revenue. Cannot be used for meals, lodging and most services.

L. Multiple points of use

Beginning July 1, 2013. Services, digital goods, or electronically delivered computer software concurrently available for use in more than one taxing jurisdiction at the time of purchase.

M. Direct mail services

N. Other exemptions

1. Aggregate delivered by a third party hauler to be used in road construction
2. Airflight equipment
3. Ambulances
4. Aquaculture production equipment
5. Automatic fire-safety sprinkler systems
6. Coin-operated entertainment and amusement devices
7. Construction exemption for special projects under M.S. 297A.71
8. Exempt publications
9. Farm machinery
10. Handicapped accessible (building materials)
11. Handicapped accessible (vehicle costs)
12. Horse materials
13. Hospitals and outpatient surgical centers
14. Instructional materials for post-secondary school students
15. Instrumentalities of each and all the states
16. Job opportunity building zones (JOBZ)

17. Logging equipment
18. Materials used for business in a state where no sales tax applies
19. Materials used to provide taxable services
20. Medical supplies for a health-care facility
21. Motor carrier direct pay (MCDP) authorization
22. Nonprofit snowmobile clubs
23. Nursing homes and boarding care homes
24. Packing materials used to ship household goods outside Minnesota
25. Poultry feed
26. Prizes used for games at fairs or other events lasting fewer than six days
27. Purchasing agent agreement with exempt organization
28. Repair or replacement parts used in another state/country as part of a maintenance contract
29. Resource recovery facility authorization
30. Senior citizen group (exempt status authorization required)
31. Ship replacement parts and lubricants
32. Ski area items
33. Solar energy systems
34. Taconite production items
35. Telecommunications, cable television and direct satellite equipment **This exemption was not in effect from July 1, 2013 through March 31, 2014.**
36. Textbooks
37. Tribal government construction contract
38. TV commercials
39. Veteran organizations
40. Waste-management containers and compactors
41. Wind energy conversion systems and materials used to construct, install, repair or replace them.
42. Preexisting construction contracts and bids.
43. Lump-sum construction contracts — temporary exemption for new local tax on building materials

O. Percentage exemptions

- Advertising materials for use outside Minnesota or local taxing area.
- Utilities used in agricultural or industrial production.
- Electricity used in the operation of qualified data centers.

Certificate of Exemption

Form ST3 instructions and exemption descriptions

Forms and fact sheets are available on our website at www.revenue.state.mn.us.

Purchasers

Complete this certificate and give it to the seller. Do not send it to the Department of Revenue.

You must include your Minnesota tax identification number if you have one.

Warning to purchaser: Purchasers are responsible for knowing if they qualify to claim exemption from tax and will be held liable for any use tax, interest and possible penalties due if the items purchased are not eligible for exemption.

Sellers

Keep this certificate as part of your records. Accepting a fully completed exemption certificate relieves you from collecting the tax. If this certificate is not fully completed, you must charge sales tax. You may be required to provide this exemption certificate (or the data elements required on the form) to the state to verify this exemption.

Exemption descriptions

Use Form ST3, Certificate of Exemption, to claim the following exemptions. Fact sheets are available for some of the items as noted. Contact our office for details about other exemptions not listed here.

A. Federal government. The seller must obtain a purchase order, payment voucher, work order, a fully completed Form ST3 or similar documentation to show the purchase was from the federal government.

B. Specific government exemptions. Fill in the title from the list below. For more information, see *Fact Sheet 142, Sales to Governments*, and/or *Fact Sheet 135, Fire Fighting, Police and Emergency Equipment*. Also *Fact Sheet 139, Libraries*, and *Fact Sheet 176- Local Governments- Cities, Counties, and Townships*.

- Ambulance services
- Biosolids processing equipment
- Bullet-resistant body armor
- Chore/homemaking services
- Correctional facility meals or drinks
- Emergency rescue vehicle repair and replacement parts
- Emergency vehicle accessory items

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- Firefighter equipment
- Hospitals
- Libraries
- Local Governments
- Metropolitan Council
- Nursing homes
- Petroleum products used by government
- Regionwide public safety radio communication system
- Solid waste disposal facility
- State or local government agency from another state
- Transit program vehicles
- Water used directly in providing fire protection

C. Tribal government. All sales to Indian tribal governments are exempt.

D. Foreign diplomat. Sales tax exemption cards are issued to some foreign diplomats and consular officials stationed in this country. Fill in the number issued to the foreign diplomat.

E. Charitable organizations. Must be operated exclusively for charitable purposes. You must apply for and receive exempt status authorization from the Department of Revenue. (Some nonprofit organizations do not qualify for sales tax exemption.) Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

F. Educational organizations. Schools and school districts operated exclusively for educational purposes must use Form ST3 on qualifying purchases. Nonprofit professional and trade schools, scouts, youth groups, and youth athletic and recreational programs, such as Little League, etc., operated exclusively for educational purposes must apply for exempt status authorization from the Department of Revenue and use Form ST3 on qualifying purchases. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to

December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

G. Religious organizations. Churches and other religious organizations operated exclusively for religious purposes can use Form ST3 without exempt status authorization or may apply for exempt status authorization from the Department of Revenue. Effective December 2008, organizations that qualify for exempt status receive an authorization letter from the department rather than an exempt status number. Organizations that received an exempt status number prior to December 2008 may choose to continue using that number or they may use their Minnesota tax ID number.

H. Resale. Items or services must be purchased for resale in the normal course of business.

I. Agricultural production. Materials and supplies used or consumed in agricultural production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 100, Agricultural Production*.

J. Industrial production. Materials and supplies used or consumed in industrial production of items intended to be sold ultimately at retail. Does not cover furniture, fixtures, machinery, tools (except qualifying detachable tools and special tooling) or accessories used to produce a product. *Fact Sheet 145, Industrial Production*.

K. Direct pay. Allows the buyer to pay sales tax on certain items directly to the state instead of to the seller. Applicants must be registered to collect sales tax in order to qualify and must apply for and receive direct pay authorization from the Department of Revenue. (*MN Rule 8130.3400*)

L. Multiple points of use. Taxable services, digital goods, or electronically delivered computer software that is concurrently available for use in more than one taxing jurisdiction at the time of purchase. Purchaser is responsible for apportioning and remitting the tax due to each taxing jurisdiction.

Continued

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

M. Direct mail. Allows the buyer to pay sales tax on direct mail directly to the state instead of to the seller. Direct mail is printed material that meets the three following criteria:

- it is delivered or distributed by U.S. Mail or other delivery service;
- it is sent to a mass audience or to addresses on a mailing list provided by the purchaser or at the direction of the purchaser; and
- the cost of the items is not billed directly to recipients.

N. Other exemptions

- 1. Aggregate delivered by a third party hauler to be used in road construction.** Beginning July 1, 2008, charges for delivery of aggregate materials by *third party haulers* are exempt if the aggregate will be used in road construction.
- 2. Airflight equipment.** The aircraft must be operated under Federal Aviation Regulations, parts 91 and 135.
- 3. Ambulance services** — privately owned (leases of vehicles used as an ambulance or equipped and intended for emergency response). Must be used by an ambulance service licensed by the EMS Regulatory Board under section 144E.10. *Fact Sheet 135, Fire Fighting, Police, and Emergency Equipment.*
- 4. Aquaculture production equipment.** Qualifying aquaculture production equipment, and repair or replacement parts used to maintain and repair it. *Fact Sheet 130, Aquaculture Production Equipment.*
- 5. Automatic fire-safety sprinkler systems.** Fire-safety sprinkler systems and all component parts (including waterline expansions and additions) are exempt when installed in an existing residential dwelling, hotel, motel or lodging house that contains four or more dwelling units.
- 6. Coin-operated entertainment and amusement devices** are exempt when purchased by retailers who (1) sell admission to places of amusement, or (2) make available amusement devices.
- 7. Construction exemption for special projects under M.S. 297A.71.** Certain purchases for the construction of a specific project or facility are exempt under M.S. 297A.71, such as waste recovery facilities. This exemption does not apply to projects for which you must pay sales tax on qualifying purchases and then apply for a refund.
- 8. Exempt publications.** Materials and supplies used or consumed in the production of newspapers and publications issued at average intervals of three months or less. Includes publications issued on CD-ROM, audio tape, etc.
- 9. Farm machinery.** Qualifying farm machinery, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 106, Farm Machinery.*
- 10. Handicapped accessible (residential building materials).** Building materials and equipment purchased by nonprofit organizations if the materials are used in an existing residential structure to make it handicapped accessible, and the homeowner would have qualified for a refund of tax paid on the materials under M.S. 297A.71, subd. 11 or subd. 22. Nonprofit organizations include those entities organized and operated exclusively for charitable, religious, educational or civic purposes; and veteran groups exempt from federal taxation under IRC 501(c)(19).
- 11. Handicapped accessible (vehicle costs).** Conversion costs to make vehicles handicapped accessible. Covers parts, accessories and labor.
- 12. Horse materials.** Covers consumable items such as feed, medications, bandages and antiseptics purchased for horses. Does not cover machinery, tools, appliances, furniture and fixtures. *Fact Sheet 144, Veterinary Practice.*
- 13. Hospitals and outpatient surgical centers.** Sales to a hospital and outpatient surgical center are exempt if the items purchased are used in providing hospital or outpatient surgical services. (M.S. 297A.70, subd. 7)
- 14. Instructional materials** required for study courses by college or private career school students (M.S. 297A.67, subd. 13a)
- 15. Instrumentalities of each and all the states** are exempt from sales tax during their annual meeting on the following items: prepared food, soft drinks, candy, and alcoholic beverages. Effective July 1, 2014 - December 31, 2014.
- 16. Job opportunity building zones (JOBZ).** Applies to all goods and taxable services purchased by a qualified business and primarily used in the zone. Also includes purchases by a qualified business or a contractor of construction materials and supplies to construct improvements to real property if the property is used by a qualified business within the zone.
- 17. Logging equipment.** Qualifying logging equipment, and repair or replacement parts (except tires) used to maintain and repair it. *Fact Sheet 108, Logging Equipment.*
- 18. Materials used for business outside Minnesota** in a state where no sales tax applies to such items; or for use as part of a maintenance contract. This exemption applies only if the items would not be taxable if purchased in the other state (e.g., a state that does not have sales tax).
- 19. Materials used to provide taxable services.** Materials must be used or consumed directly in providing services taxable under M.S. 297A.61, subd. 3.
- 20. Medical supplies for a health-care facility.** Purchases by a licensed health care facility, outpatient surgical center or licensed health-care professional of medical supplies used directly on a patient or resident to provide medical treatment. The exemption does not apply to equipment, lab or radiological supplies, etc. *Fact Sheet 172, Health Care Facilities.*
- 21. Motor carrier direct pay (MCDP).** Allows motor carriers to pay tax directly to the state when they lease mobile transportation equipment or buy certain parts and accessories. Applicants must be registered for sales tax in order to apply. You must apply for and receive MCDP authorization from the Department of Revenue. *Fact Sheet 107, Interstate Motor Carriers.*
- 22. Nonprofit snowmobile clubs.** Certain machinery and equipment is exempt when used primarily to groom state (or grant-in-aid) trails. Prior certification from DNR must be received.
- 23. Nursing homes and bonding care homes.** Beginning July 1, 2013, sales to nursing homes and boarding care homes are exempt. Nursing homes

Certificate of Exemption

Form ST3 instructions and exemption descriptions (continued)

must be licensed by the state. Boarding care homes must be certified as a nursing facility.

- 24. Packing materials.** Packing materials used to pack and ship household goods to destinations outside of Minnesota.
- 25. Poultry feed.** The poultry must be for human consumption.
- 26. Prizes.** Items given to players as prizes in games of skill or chance at events such as community festivals, fairs and carnivals lasting fewer than six days.
- 27. Purchasing agent.** Allows a business who has been appointed as a purchasing agent by an exempt organization to make purchases exempt from sales tax. All documentation pertaining to the purchasing agent agreement is kept by the purchasing agent to verify exemption.
- 28. Repair or replacement parts used in another state or country** as part of a maintenance contract. This does not apply to equipment or tools used in a repair business.
- 29. Resource recovery facilities.** Applies to equipment used for processing solid or hazardous waste (after collection and before disposal) at a resource recovery facility. You must apply for and receive approval from the Department of Revenue.
- 30. Senior citizen groups.** Groups must limit membership to senior citizens age 55 or older, or under 55 but physically disabled. They *must* apply for and receive exempt status authorization from the Department of Revenue.
- 31. Ship repair or replacement parts and lubricants.** Repair or replacement parts and lubricants for ships and vessels engaged principally in interstate or foreign commerce.
- 32. Ski areas.** Items used or consumed primarily and directly for tramways at ski areas, or in snowmaking and snow-grooming operations at ski hills, ski slopes or ski trails. Includes machinery, equipment, water additives and electricity used in the production and maintenance of machine-made snow.
- 33. Solar energy system** means a set of devices whose primary purpose is to collect solar energy and convert and store it for useful purposes including heating and cooling buildings or other

energy using processes, or to produce generated power by means of any combination of collecting, transferring, or converting solar-generated energy.

- 34. Taconite production items.** Mill liners, grinding rods and grinding balls used in taconite production if purchased by a company taxed under the in-lieu provisions of M.S. 298 if they are substantially consumed in the production of taconite. *Fact Sheet 147, Taconite and Iron Mining.*
- 35. Telecommunications, cable television and direct satellite equipment** used directly by a service provider primarily to provide those services for sale at retail. *Fact Sheet 119, Telecommunications, Cable Television, Direct Satellite and Related Services.* **This exemption was not in effect from July 1, 2013 through March 31, 2014.**
- 36. Textbooks** required for study to students who are regularly enrolled.
- 37. Tribal government construction contract.** Materials purchased on or off the reservation by American Indian or non-American Indian contractors and subcontractors for use in construction projects on the reservation when the tribe or a tribally owned entity is a party to the contract, and the contract is being undertaken for the purpose of the tribe's welfare. It does not extend to the purchase or lease of equipment or tools for use on the project.
- 38. TV commercials.** Covers TV commercials and tangible personal property primarily used or consumed in pre-production, production or post-production of a TV commercial. Includes rental equipment for preproduction and production activities only. (Equipment purchased for use in any of these activities is taxable.) *Fact Sheet 163, TV Commercials.*
- 39. Veteran organizations.** Limited exemption applies to purchases by veteran organizations and their auxiliaries if they are organized in Minnesota and exempt from federal income tax under IRC Section 501(c)(19); and the items are for charitable, civic, educational or nonprofit use (e.g. flags, equipment for youth sports teams, materials to make poppies given for donations).

40. Waste-management containers and compactors purchased by a waste-management service provider to use in providing waste-management services that are subject to solid-waste management tax.

41. Wind energy systems. Wind energy conversion systems and materials used to construct, install, repair or replace them.

42. Preexisting construction contracts and bids. A contractor is allowed an exemption on certain services or items that become taxable effective July 1. The exemption is for the change in tax on those items or services if purchased during the transition period.

For construction contracts, (1) the contractors must have documentation of a bona fide written lump-sum or fixed price construction contract in force before July 1; (2) the contract must not provide for allocation of future taxes; and (3) for each contract, the contractor must give the seller documentation of the contract on which an exemption is to be claimed. Deliveries must be made before January 1.

For construction bids, (1) the building materials or services must be used pursuant to an obligation of a bid or bids, the bid or bids must be submitted and accepted prior to July 1; (2) the bid or bids must not be able to be withdrawn, modified or changed without forfeiting a bond; and (3) for each qualifying bid, the contractor must give the seller documentation of a bid on which an exemption is to be claimed. Deliveries must be made before January 1.

43. Construction contracts. When a new local tax is enacted, a contractor is allowed exemption from the new local tax on building materials during the transition period. Contractors must have documentation of a lump-sum contract in force before the new tax begins and deliveries must be made within the specific transition period.

Certificate of Exemption

Form ST3 instructions and exemption descriptions *(continued)*

O. Percentage exemptions

- **Advertising materials:** Percentage exemptions may be claimed for advertising materials for use outside of Minnesota or local taxing area. Purchaser must enter exempt percentage on Form ST3. *Fact Sheet 133, Advertising - Creative Promotional Services.*
- **Utilities:** Exemption applies to percent of utilities used in agricultural or industrial production. General space heating and lighting is not included in the exemption. Purchaser must enter exempt percentage on Form ST3. *Fact Sheets 100, Agricultural Production; and 129, Utilities Used in Production.*
- **Electricity:** Exemption applies to percent of electricity used to operate enterprise information technology equipment, or used in office and meeting spaces, and other support facilities in support of enterprise information technology equipment. Purchaser must enter exempt percentage on Form ST3. *Revenue Notice 12-11: Sales Tax – Exemptions – Qualified Data Centers.*

Forms and information

Website: www.revenue.state.mn.us.

Email: SalesUse.Tax@state.mn.us

Phone: 651-296-6181 or 1-800-657-3777
(TTY: Call 711 for Minnesota Relay)