

HOUSE RESEARCH

Bill Summary

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Authors: Lenczewski

Subject: Taxes on sports memorabilia and suites and box seats

Analyst: Joel Michael (joel.michael@house.mn)
Pat Dalton, 651-296-7434

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Overview

The bill proposes a new 10 percent gross receipts tax at the wholesale level on sports memorabilia. It also extends the existing sales tax to suites, box seats and seat licenses in stadiums and arenas.

Section

1 Sports memorabilia gross receipts tax. Imposes a new 10 percent gross receipts tax at the wholesale level on sports memorabilia.

Subd. 1. Definitions. Defines sports memorabilia to be items sold under a license granted by a professional sports league or team or their affiliates or subsidiaries. It includes clothing as well as trading cards, photographs, sports equipment and souvenirs.

Subd. 2. Imposition. Imposes a 10 percent tax on the gross receipts at the whole sale level.

Subd. 3. Estimated payments; annual return. Requires the wholesaler to make estimated quarterly payments of the tax if the tax is over \$500 annually. With an annual return reconciling estimates with actual amounts due by March 15 of the following year. Provides for interest on significantly underestimated quarterly payments. Requires wholesalers with more than \$10,000 annual tax liability to remit the taxes electronically.

Subd. 4. Compensating use tax. Provides a compensating use tax for sale or use

Section

of sports memorabilia in the state if the wholesale gross receipts tax was not paid.

Subd. 5. Administrative provisions. Provides that the same enforcement, audit, refund, interest and penalty provisions that apply to the state sales tax apply to this gross receipts tax.

Subd. 6. Deposition of revenues. Revenues from the tax are deposited in the general fund.

Effective for sales made after June 30,2013.

- 2 Sale and purchase.** Expands the definition of sale for sales tax purposes to include seat licenses and the rental of suites, box seats, and similar rentals in stadiums and arenas.

Effective for sales made after June 30,2013.

- 3 Determination of revenues increase.** Requires the commissioner of management and budget to estimate the additional revenue raised from the taxes imposed in sections 1 and 2, to determine whether the backup revenues to fund the Viking stadium are triggered.