

HOUSE RESEARCH

Bill Summary

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Authors: McDonald and others

Subject: Providing a sales tax exemption for small city celebrations

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Overview

Provides a sales tax exemption for a city-designated annual city celebration for cities with a population of less than 10,000 population. The exemption covers sales, including prepared food, wine and beer sales, and admissions to celebration events except to events involving bingo or other gambling activities.

Section

1 **City celebrations.** Provides a sales tax exemption for sales at and admissions to a city designated annual celebration to promote community spirit. To qualify for the exemption the following conditions must be met:

- city population of less than 10,000;
- city celebration must last no more than 5 consecutive days;
- the event must be run by the city or a non-profit organization designated by the city;
- all receipts from the event are accounted for by the city or nonprofit; and
- the entire proceeds, minus expenses must go to the city, or one or more 501(c)(3) or 501(c)(4) organizations and used strictly for charitable, educational, civic, or governmental purposes.

The exemption does not apply to events involving bingo or gambling activities and all sales become taxable if the requirements listed above are not met.

City celebration is defined to include any combination of a number of activities including parades, auctions, ice cream socials, block parties, carnivals, competitions, concerts, craft

Section

sales, dances, and sporting activities It does not include operation of a regular place of business or sales and regularly scheduled activities carried out in the normal course of business.

Effective for sales after June 30, 2015.

- 2** **Amnesty, certain local festivals.** Provides an amnesty for taxes owed but not collected before July 1, 2015 by a non-profit that organized and ran a city celebration on behalf of a number of non-profit organizations that used the proceeds for charitable, educational, civic, or governmental purposes. The amnesty does not apply to sales taxes already remitted to the state or to taxes already collected. It does apply to audits as long as the audit is not finally resolved. Effective the day following final enactment.