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Authors: McDonald and others

Subject: Allowing an exemption for city celebration, modifying some other fundraising exemption provisions

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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 30,000. 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.

The bill also would now allow an exemption for fundraising events to all events held on short-term leased property. Currently fundraising events held on premises leased between 6 and 30 days are not exempt.

Section

- 1 Fundraising events sponsored by nonprofit groups.** Expands the exemption for qualified fundraising events to include events conducted on premises leased for more than five days and less than 30 days. Currently there is an exemption for fundraising if the site lease is five days or less (such as county fairs) but not at longer events.
Effective for sales and purchases made after June 30, 2017.
- 2 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 30,000;
 - city celebration must last no more than ten consecutive days;

- the event must be run by the city or a nonprofit organization designated by the city;
- all receipts from the event are accounted for by the city or nonprofit; and
- all proceeds, minus expenses, must go to the city, or one or more 501(c)(3) or 501(c)(4) organizations, and be 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 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, 2017.