

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 103

(SENATE AUTHORS: CLAUSEN)

DATE	D-PG	OFFICIAL STATUS
01/14/2021	96	Introduction and first reading Referred to Taxes See First Special Session 2021, HF9

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A bill for an act

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relating to taxation; sales and use; providing that fund-raising sales made by certain

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elementary or secondary school student organizations are exempt if certain

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conditions are met; amending Minnesota Statutes 2020, section 297A.70,

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subdivision 13.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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Section 1. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

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Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by

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the specified organizations for fund-raising purposes are exempt, subject to the limitations

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listed in paragraph (b):

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(1) all sales made by a nonprofit organization that exists solely for the purpose of

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providing educational or social activities for young people primarily age 18 and under;

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(2) all sales made by an organization that is a senior citizen group or association of

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groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized

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and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no

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part of its net earnings inures to the benefit of any private shareholders;

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(3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the

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beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under

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section 501(c)(3) of the Internal Revenue Code; and

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(4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides

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educational and social activities primarily for young people age 18 and under.

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(b) The exemptions listed in paragraph (a) are limited in the following manner:

(1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

(3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4-, unless the following conditions are both met:

(i) the sales are made for fund-raising purposes of a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports activities, educational activities, or other extracurricular activities; and

(ii) the school district reserves revenue raised for extracurricular activities, as provided in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular extracurricular activity only for that extracurricular activity.

(c) Sales of tangible personal property and services are exempt if the entire proceeds, less the necessary expenses for obtaining the property or services, will be contributed to a registered combined charitable organization described in section 43A.50, to be used exclusively for charitable, religious, or educational purposes, and the registered combined charitable organization has given its written permission for the sale. Sales that occur over a period of more than 24 days per year are not exempt under this paragraph.

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the \$20,000 limit.

EFFECTIVE DATE. This section is effective for sales and purchases made after the date of final enactment.