

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 100**

(SENATE AUTHORS: CLAUSEN, Carlson, Little, and Pratt)

DATE  
01/12/2017

D-PG  
113 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; sales and use; modifying the threshold for the duration of
- 1.3 premises leases for certain nonprofit fund-raising events; amending Minnesota
- 1.4 Statutes 2016, section 297A.70, subdivision 14.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2016, section 297A.70, subdivision 14, is amended to read:
- 1.7 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible
- 1.8 personal property or services at, and admission charges for fund-raising events sponsored
- 1.9 by, a nonprofit organization are exempt if:
- 1.10 (1) all gross receipts are recorded as such, in accordance with generally accepted
- 1.11 accounting practices, on the books of the nonprofit organization; and
- 1.12 (2) the entire proceeds, less the necessary expenses for the event, will be used solely
- 1.13 and exclusively for charitable, religious, or educational purposes. Exempt sales include the
- 1.14 sale of prepared food, candy, and soft drinks at the fund-raising event.
- 1.15 (b) This exemption is limited in the following manner:
- 1.16 (1) it does not apply to admission charges for events involving bingo or other gambling
- 1.17 activities or to charges for use of amusement devices involving bingo or other gambling
- 1.18 activities;
- 1.19 (2) all gross receipts are taxable if the profits are not used solely and exclusively for
- 1.20 charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than ~~five~~ ten days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social, and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2017.