

1 Department of Revenue
 2 Appeals, Legal Services, and Criminal Investigation Division
 3
 4 Adopted Permanent Rules Relating to Sales and Use Tax;
 5 Charitable, Religious, and Educational Organizations
 6
 7 Rules as Adopted

8 8130.6200 CHARITABLE, RELIGIOUS, AND EDUCATIONAL ORGANIZATIONS.

9 Subpart 1. **Applicable law.** Minnesota Statutes, section
 10 297A.25, subdivision 16, exempts from sales and use tax, the
 11 gross receipts from the sale of tangible personal property to,
 12 and storage, use, or other consumption of such property by, any
 13 corporation, society, association, foundation, or institution
 14 organized and operated exclusively for charitable, religious, or
 15 educational purposes if the property purchased is to be used in
 16 the performance of charitable, religious, or educational
 17 functions.

18 No part of the net earnings may inure to the benefit of any
 19 private shareholders.

20 Sales of telephone service, electricity, gas, water, or
 21 steam pursuant to Minnesota Statutes, section 297A.01,
 22 subdivision 3, paragraph (f), and admission to places of
 23 amusement, recreational areas, or athletic events and the use of
 24 amusement devices and athletic or other facilities as provided
 25 for in Minnesota Statutes, section 297A.01, subdivision 3,
 26 paragraph (d), are included in this exemption.

27 This exemption does not apply to the following sales or
 28 purchases:

29 A. Building, construction, or reconstruction
 30 materials purchased by a contractor or a subcontractor as a part
 31 of a lump-sum contract or similar type of contract with a
 32 guaranteed maximum price covering both labor and materials for
 33 use in the construction, alteration, or repair of a building or
 34 facility.

35 B. Construction materials purchased by exempt

1 organizations or their contractors to be used in constructing
2 buildings or facilities which will not be used principally by
3 the exempt organizations.

4 C. Lease or purchase of a motor vehicle, as defined
5 in Minnesota Statutes, section 297B.01, subdivision 5.

6 D. Meals and lodging. Although the furnishing of
7 meals and lodgings are defined in Minnesota Statutes, section
8 297A.01, subdivision 3, paragraphs (c) and (e), as sales, they
9 are not sales of tangible personal property and cannot be
10 exempted under Minnesota Statutes, section 297A.25, subdivision
11 16, when purchased by a charitable, religious, or educational
12 organization. See subpart 11.

13 E. Solid waste collection and disposal services
14 pursuant to Minnesota Statutes, section 297A.01, subdivision 3,
15 paragraph (j), clause (vii).

16 For purposes of brevity and convenience, charitable,
17 religious, or educational purposes will be referred to as
18 "exempt purposes," and a nonprofit organization, society,
19 association, foundation, or institution organized and operated
20 exclusively for exempt purposes will be referred to as an
21 "exempt organization."

22 Subp. 1a. Construction materials purchased by an exempt
23 organization.

24 A. For purposes of this part, "buildings or
25 facilities which will not be used principally by an exempt
26 organization" means buildings or facilities that will be used by
27 the exempt organization for commercial purposes and not to carry
28 out their exempt functions. For example, construction materials
29 purchased by an exempt organization to be used in constructing a
30 building which the exempt organization will lease to another is
31 not used principally by an exempt organization even though the
32 lease payments may be used for an exempt purpose.

33 B. Materials that are purchased by an exempt
34 organization for use in the performance of its exempt function
35 are included in the exemption under Minnesota Statutes, section
36 297A.25, subdivision 16. For example, construction materials

1 purchased by an exempt organization for use in its program to
 2 weatherize homes for low-income persons may be purchased exempt
 3 by an exempt organization. Likewise, construction materials may
 4 be purchased exempt by an exempt organization for the building,
 5 construction, or reconstruction of qualified low-income housing
 6 projects which meet the HUD low-income housing criteria as
 7 defined under United States Code, title 42, chapter 8, as
 8 amended through December 31, 1990. For purposes of this part,
 9 "qualified low-income housing" means a qualified low-income
 10 housing project as defined in United States Code, title 26,
 11 chapter 1, section 42.

12 C. The exemption from tax under Minnesota Statutes,
 13 section 297A.25, subdivision 16, does not extend to building,
 14 construction, or reconstruction materials purchased by a
 15 contractor under an agreement to erect a building or to alter,
 16 repair, or improve real estate for an exempt organization, even
 17 if the work contracted for is for use in the performance of the
 18 exempt organization's exempt function. See part 8130.1200.

19 Subp. 2. Charitable organizations. "Charitable" is used
 20 in its generally accepted legal sense to mean a gift, to be
 21 applied consistently with existing laws, for the benefit of an
 22 indefinite number of persons. Charitable includes relief of the
 23 poor, underprivileged, and distressed, the care of the sick, the
 24 infirm, or the aged; the erection or maintaining of public
 25 buildings and monuments; lessening of the burdens of government;
 26 lessening of neighborhood tensions; elimination of prejudice and
 27 discrimination; defense of human and civil rights secured by
 28 law; providing of qualified low-income housing to qualified
 29 persons; and combating of community deterioration and juvenile
 30 delinquency. To determine whether an organization qualifies for
 31 the charitable exemption, the factors in items A to G F will be
 32 considered. Each case must be decided on its own particular
 33 facts, and it is not essential that every factor mentioned in
 34 items A to F be present for an organization to qualify as a
 35 charitable organization.

36 A. ~~it-must-be-organized-and-operated-for-charitable~~

1 purposes whether the stated purpose of the undertaking is to be
 2 helpful to others without immediate expectation of material
 3 reward;

4 B. ~~it-must-be-conducted-without-a-view-to-profit~~
 5 whether the entity involved is supported by donations and gifts
 6 in whole or in part;

7 C. ~~it-must-be-supported-and-maintained-in-part-by~~
 8 benevolent-contributions whether the recipients of the "charity"
 9 are required to pay for the assistance received in whole or in
 10 part;

11 D. ~~it-must-be-open-to-the-public-generally-without~~
 12 restriction whether the income received from gifts and donations
 13 and charges to users produces a profit to the charitable
 14 institutions;

15 E. ~~it-must-be-operated-so-as-to-lessen-the-burdens-of~~
 16 government whether the beneficiaries of the "charity" are
 17 restricted or unrestricted and, if restricted, whether the class
 18 of persons to whom the charity is available is one having a
 19 reasonable relationship to the charitable objectives;

20 F. ~~it-must-be-organized-and-operated-so-that-its~~
 21 charitable-aids-reach-an-indefinite-number-of-people;

22 G. ~~it-must-be-so-organized-and-operated-that-its~~
 23 commercial-activities-are-subordinate-to-or-incidental-to-any
 24 possible-charitable-activities whether the dividends, in form or
 25 substance, or assets upon dissolution are available to private
 26 interests.

27 Subp. 3. **Religious organization.** "Religious" refers to an
 28 institution that conducts worship services at regular intervals
 29 at an established place of worship that is owned, leased, or
 30 borrowed for that purpose, and organizations affiliated with or
 31 related to that institution, which exist exclusively for the
 32 furtherance of the religious purposes of the institution. The
 33 specific merits of a particular religion will not be compared or
 34 considered by the department when determining whether an
 35 organization is an exempt religious organization for purposes of
 36 the Minnesota sales and use tax. An organization claiming

1 exempt status as a religious organization must be able to
 2 affirmatively establish its right to the exemption. Only if an
 3 organization clearly demonstrates that it is an organization
 4 created exclusively for religious purposes will it meet the
 5 requirements for tax-exempt status under Minnesota sales and use
 6 tax statutes. The criteria the department will use to determine
 7 whether an organization is a religious organization includes the
 8 criteria in items A to N; ~~no single factor can be considered as~~
 9 ~~controlling when making a determination of tax-exempt status.~~
 10 Each case must be decided on its own particular facts and it is
 11 not essential that every factor mentioned in items A to N be
 12 present for an organization to qualify as a religious
 13 organization.

- 14 A. a distinct legal existence;
- 15 B. a recognized creed and form of worship;
- 16 C. a definite and distinct ecclesiastical government;
- 17 D. a formal code of doctrine and discipline;
- 18 E. a distinct religious history;
- 19 F. a membership not associated with any other church
- 20 or denomination;
- 21 G. a complete organization of ordained ministers
- 22 ministering to their congregations;
- 23 H. ordained ministers selected after completing
- 24 prescribed courses of study;
- 25 I. a literature of its own;
- 26 J. established places of worship;
- 27 K. regular congregations;
- 28 L. regular religious services;
- 29 M. Sunday schools for the religious instruction of
- 30 the young;
- 31 N. schools for the preparation of its ministers.

32 Subp. 4. **Educational organization.** "Educational" means
 33 the instruction or training of individuals to improve or develop
 34 their capabilities, or the instruction of the public on subjects
 35 useful to the individual and beneficial to the community.
 36 Examples of educational institutions are primary and secondary

1 schools, colleges and universities, and nonprofit professional
2 and trade schools having a regularly scheduled curriculum, a
3 regular faculty, and a regularly enrolled body of students in
4 attendance at a place where the educational activities are
5 regularly carried on. Educational organizations include PTA,
6 Boy Scouts, Girl Scouts, Camp Fire Girls, YMCA, YWCA, 4-H Clubs,
7 and youth athletic and recreational programs such as Little
8 League. Other educational institutions include museums, zoos,
9 planetariums, symphony orchestras, historical societies, and
10 other similar organizations.

11 An organization may be educational even though it advocates
12 a particular position or viewpoint, so long as it presents a
13 sufficiently full and fair exposition of the pertinent facts as
14 to permit an individual or the public to form an independent
15 opinion or conclusion.

16 Subp. 5. **Organization and operational tests.** No
17 organization will be considered exempt as a charitable,
18 religious, or educational organization for sales and use tax
19 purposes unless it is exempt from federal income tax under
20 section 501(c)(3) of the Internal Revenue Code of 1986, as
21 amended through December 31, 1986. However, the determination
22 of the Internal Revenue Service that an organization is a
23 nonprofit and tax-exempt organization under the Internal Revenue
24 Code, section 501(c)(3), for purposes of income taxation is not
25 controlling on the issue of whether the organization is an
26 exempt organization for sales and use tax purposes. Likewise,
27 determinations by the Minnesota Department of Revenue that an
28 organization is an exempt organization for income tax purposes
29 does not, by itself, entitle the organization to an exemption
30 from payment of sales and use tax. In order to be an exempt
31 organization, an organization must be organized and operated
32 exclusively for exempt purposes. The following tests will be
33 used in determining whether or not an organization qualifies as
34 an exempt organization:

35 A. An exempt organization may not be organized or
36 operated for the purpose of making a profit which inures to the

1 benefit of any private shareholder or individual. The
2 organization must be able to demonstrate by its articles of
3 incorporation or if unincorporated, a certified copy of its
4 constitution and bylaws, and its financial statements that:

5 (1) no part of the net earnings of its activities
6 inures to the benefit of any private shareholder, or individual
7 member, and no part of its assets will directly or indirectly be
8 transferred, in the event of dissolution of a corporation or
9 termination of an unincorporated association, to its members,
10 founders, or shareholders;

11 (2) it is supported and maintained at least in
12 part by benevolent gifts, grants, and contributions, that is,
13 one of its sources of support is donations, income from
14 donations, and contributions and dues of members for which they
15 receive no direct benefit, or it is supported by fees charged by
16 an exempt organization for program services if the fees are
17 based on ability to pay and the exempt organization provides
18 services to individuals who would otherwise turn to government
19 for such aid. "Program services" means those activities that
20 the exempt organization was created to conduct and which, along
21 with any activities commenced subsequently, form the basis of
22 the organization's current exemption from tax.

23 The fact that an organization may receive voluntary
24 contributions from those who benefit from its activities will
25 not necessarily prevent its being an exempt organization. But
26 if it is determined that the services rendered by the
27 organization are conditioned upon the receipt of a contribution
28 the services rendered may be regarded as a commercial activity.
29 If this commercial activity is not subordinate to or incidental
30 to the organization's charitable, religious, or educational
31 activities, the organization does not qualify as an exempt
32 organization since it is not organized or operated exclusively
33 for exempt purposes.

34 The fact that an organization is nonprofit does not
35 necessarily make it an exempt organization. The following are
36 examples of nonprofit organizations that may not qualify for

1 exemption: organizations attempting to influence legislation or
2 participating in political campaigns; fraternal or beneficial
3 societies; clubs organized and operated for pleasure,
4 recreation, social, or other similar purposes; business
5 associations; cemetery associations that are not owned by
6 religious organizations; civic and business clubs; homeowner's
7 associations; lake improvement associations; professional and
8 trade associations; retail and credit trade associations; trade
9 unions; volunteer employee benefit associations; and veterans
10 organizations. Thus, such organizations as Masons, Knights of
11 Columbus, B'nai B'rith, League of Women Voters, Chambers of
12 Commerce, American Legion, alumni clubs, computer clubs,
13 fraternities and sororities, Jaycees, Lions Clubs, Odd Fellows,
14 Orders of Eastern Star, ski clubs, unions, and VFW Posts are not
15 exempt organizations.

16 B. If an organization, by the terms of its articles,
17 has purposes that are broader than the exempt purposes specified
18 in Minnesota Statutes, section 297A.25, subdivision 16, the fact
19 that its actual operations have been exclusively in furtherance
20 of exempt purposes is not sufficient to make it an exempt
21 organization. Similarly, an organization that is organized
22 exclusively for exempt purposes is not an exempt organization if
23 a significant part of its operations are not in furtherance of
24 its exempt purposes.

25 C. An organization is not an exempt organization if
26 ~~it is either organized or operated to make substantial~~ its
27 attempts to influence legislation or intervene or participate in
28 a political campaign (including the publishing or distributing
29 of statements) cause it to lose its exemption from income tax
30 under section 501(c)(3) of the Internal Revenue Code of 1986, as
31 amended through December 31, 1986.

32 D. An exempt organization must serve a public rather
33 than a private interest. Thus, to gain exemption an
34 organization must establish that it is not organized or operated
35 for the benefit of private interests such as designated
36 individuals, the founder or organizer or their family,

1 shareholders of the organization, or persons controlled directly
2 or indirectly by such private interests. An organization which
3 is organized or operated primarily for the benefit of its
4 individual nonexempt members rather than for the benefit of the
5 general welfare does not qualify for exemption.

6 E. The assets of an exempt organization must be
7 dedicated to an exempt purpose. An organization is not an
8 exempt organization if its net earnings are used in whole or in
9 part to the benefit of shareholders or individuals who have a
10 personal or private interest in the activities of the
11 organization.

12 Subp. 6. **Derivative organizations.** An organization may
13 qualify derivatively for exemption if its members are exempt
14 organizations and the organization is organized and operated
15 exclusively to assist its member organizations in carrying out
16 their exempt purposes.

17 Subp. 7. **Exemption certificates.** Items A to C apply to
18 the application for and the furnishing of exemption certificates.

19 A. A religious or educational organization may
20 furnish properly completed certificates of exemption, forms
21 ST-3, in making exempt purchases of tangible personal property.
22 Charitable and youth athletic organizations must apply for and
23 receive a certificate of exempt status, form ST-17, and furnish
24 copies of that certificate in making exempt purchases of
25 tangible personal property. As a matter of convenience for
26 themselves and their suppliers, religious and educational
27 organizations may also apply for and receive certificates of
28 exempt status.

29 (1) Organizations that may furnish either form
30 ST-3 or form ST-17 include churches, schools, and educational
31 organizations such as scouts, 4-H Clubs, YMCAs, YWCAs, and PTAs.

32 (2) Organizations that must furnish form ST-17
33 include charitable organizations such as hospitals, nursing
34 homes, day activity centers, United Way agencies, senior citizen
35 groups, and youth athletic programs such as Little League and
36 hockey.

1 B. The application for certificate of exempt status,
2 form ST-16, is available upon request from the Taxpayer
3 Information Division. The application must be fully executed
4 and submitted with the necessary supporting documents. No
5 charitable organization making purchases shall be entitled to
6 make those purchases exempt from the sales and use tax unless a
7 certificate of exempt status has been issued by the commissioner
8 of revenue.

9 C. If the department is provided information
10 sufficient to establish that an organization is organized and
11 operated exclusively for an exempt purpose, exemption will be
12 granted to the organization regardless of the purpose indicated
13 in its application for certificate of exempt status. For
14 example, if an organization claims exemption on the grounds that
15 it is educational, exemption will not be denied if it is, in
16 fact, charitable.

17 Subp. 8. Taxable sales to exempt organizations. Certain
18 sales and rentals to exempt organizations remain taxable.
19 Exempt organizations still owe the sales tax when purchasing
20 meals, drinks, lodging, motor vehicles, or waste collection
21 services, or when renting motor vehicles. Sales to exempt
22 organizations are taxable if the items purchased are not used in
23 the performance of the charitable, religious, or educational
24 functions of the exempt organization. The benefits of
25 tax-exempt status are confined strictly to the legal entity that
26 has qualified for such status. Thus, sales to individuals who
27 are affiliated with an exempt organization are taxable even if
28 the sales would be exempt if made directly to the exempt
29 organization.

30 Items A to D are examples of taxable sales.

31 A. ~~A sale of bingo equipment and supplies to a church~~
32 ~~for use on its monthly bingo night is subject to tax because the~~
33 ~~property will not be used in the performance of religious~~
34 ~~functions~~ Sales of all lawful gambling equipment and supplies to
35 any organization conducting gambling activities in accordance
36 with Minnesota Statutes, chapter 349, since this property is not

1 used in the performance of exempt functions.

2 B. Furniture purchased by a church for use in its
3 parsonage is exempt since it is purchased for use by persons
4 that administer religious activities to the congregation. These
5 items are not purchased for the personal use of any one specific
6 person but rather for the operation of a religious organization.

7 C. Handbooks, leaders' workbooks, and camping
8 equipment purchased by a Girl Scout troop in its own name and
9 with troop funds are exempt. However, these items are taxable
10 if sold directly to an individual scout.

11 D. An exempt organization buys ~~two-cases-of-soft~~
12 ~~drinks~~ a set of golf clubs for a retirement ~~party-given~~ gift for
13 a staff member. The ~~soft-drinks~~ golf clubs are taxable as the
14 ~~party~~ gift is not furthering the exempt purpose of the
15 organization.

16 Subp. 9. Sales by exempt organizations. No organization
17 is exempt from collecting the tax on taxable retail sales. If
18 an exempt organization makes taxable retail sales, it must
19 collect and remit tax on these sales unless the sales are exempt
20 fundraising sales as provided for in Minnesota Statutes, section
21 297A.25, subdivision 2, clause (1), or 297A.256, or the sales
22 are otherwise exempt under Minnesota Statutes, ~~chapter~~ chapters
23 297A and 349.

24 A. Examples of taxable sales:

25 (1) craft or workshop items, including those sold
26 by hospital auxiliaries and senior citizen clubs;

27 (2) religious books and cards;

28 (3) used, obsolete, or surplus merchandise sold
29 on a regular basis, such as surplus office equipment or used
30 library books;

31 (4) taxable meals: (See subpart 11, item E D.);

32 (5) rental of personal property on a regular or
33 recurring basis.

34 B. Examples of nontaxable sales:

35 (1) land and buildings;

36 (2) membership dues, retreat fees;

- 1 (3) newspapers and magazines (published at least
2 quarterly);
- 3 (4) textbooks sold to enrolled students and
4 prescribed for use in a course of study;
- 5 (5) tuition, including day care and nursery
6 school charges;
- 7 (6) nontaxable meals. (See subpart 11, item E
8 D.);
- 9 (7) occasional sales (See Minnesota Statutes,
10 section 297A.25, subdivision 12.).

11 Subp. 10. **Volunteer fire departments.** Volunteer fire
12 departments may qualify for a Certificate of Exempt Status, form
13 ST-17, if they qualify as a charitable organization and are a
14 separate organization from the city. To be considered separate
15 from the city, they must have either their own constitution or
16 articles of incorporation. If a volunteer fire department has
17 been approved for a Certificate of Exempt Status, its purchases
18 are exempt in the manner provided in items A and B.

19 A. Exempt volunteer fire departments may purchase
20 property exempt from sales tax and use tax if it is to be used
21 exclusively to prevent fires in the community or to protect
22 property in the community from fire. Subitems (1) to (6) are
23 examples of items that an exempt volunteer fire department may
24 purchase exempt:

- 25 (1) fire trucks, ambulances, and accessories;
- 26 (2) repair and replacement parts for fire trucks
27 and ambulances;
- 28 (3) fire protection clothing;
- 29 (4) hand tools;
- 30 (5) conversion equipment installed on an existing
31 fire truck if the equipment purchased is used for the prevention
32 of or protection from fire of property in the community;
- 33 (6) water used to fill pumper fire trucks. The
34 organization must be able to determine the amount of water that
35 is used for general purposes if water from the station house is
36 used. If the amount of water used for general purposes cannot

1 be determined, the entire amount is taxable. If the amount of
 2 exempt water can be determined, the fire department could
 3 purchase all its water exempt from the sales tax and report use
 4 tax on the portion used for general purposes or it could file a
 5 statement with the seller claiming a partial exemption. This
 6 statement must certify:

7 (a) they are a volunteer fire department;

8 (b) the percentage of water that is used to
 9 fill pumper fire trucks; and

10 (c) a statement describing how this
 11 percentage was determined. The seller should exempt the portion
 12 claimed and charge sales tax on the remaining charge for water
 13 purchased.

14 B. Purchases made by an exempt volunteer fire
 15 department that are not used exclusively to prevent fires in the
 16 community or to protect property in the community from fire are
 17 taxable. For example, a washing machine used to wash fire
 18 protection clothing is taxable.

19 Subp. 11. Related information.

20 A. ~~The exemption from tax does not extend to~~
 21 ~~building, construction, or reconstruction materials purchased by~~
 22 ~~a contractor under an agreement to erect a building or to alter,~~
 23 ~~repair, or improve real estate for an exempt organization. See~~
 24 ~~part 8130.1200~~

25 B. Many senior citizen groups are exempt from the
 26 sales and use tax. See part 8130.6900 and Minnesota Statutes,
 27 section 297A.25, subdivision 16.

28 C. Sales of tangible personal property to veterans
 29 organizations or their auxiliaries are exempt provided the
 30 property is used for charitable, civic, educational, or
 31 nonprofit uses and the organization is exempt from federal
 32 taxation pursuant to section 501(c), clause 19, of the Internal
 33 Revenue Code, as amended through December 31, 1986. See
 34 Minnesota Statutes, section 297A.25, subdivision 25.

35 D. Sales of sacramental wine for sacramental
 36 purposes in religious ceremonies are exempt if the wine is

1 purchased from a nonprofit religious organization or from the
2 holder of a sacramental wine license. See Minnesota Statutes,
3 section 297A.25, subdivision 46.

4 E. D. Meals and lodging purchased or sold by an
5 exempt organization are generally taxable. See part 8130.0800.

6 (1) Sales of meals by exempt organizations are
7 generally taxable. For example, taxable meals include meals
8 sold by civic clubs, fraternal and social groups, scout troops,
9 and similar community associations. Meals sold by churches are
10 also taxable, including meals sold at the Minnesota State Fair,
11 at county festivals, or at a retreat center. Some sales of
12 meals may qualify for exemption as fundraising sales. See
13 subitem (2) and Minnesota Statutes, section 297A.256.

14 (2) Nontaxable meals are those sold: at
15 qualified fundraising events sponsored by certain nonprofit
16 organizations; at schools, colleges, and universities; by
17 hospitals, sanitariums, nursing homes, and senior citizens'
18 homes; and by and at children's camps licensed under Minnesota
19 Statutes, sections 144.71 to 144.76. Meals or drinks served to
20 individuals who are 60 years of age or over and their spouses,
21 or to the handicapped and their spouses by exempt organizations
22 under a program funded by the federal government under United
23 States Code, title 42, sections 3001 to 3045, wherever
24 delivered, prepared, or served are not taxable. See Minnesota
25 Statutes, section 297A.01, subdivision 3, paragraph (c), clause
26 (2).

27 (3) Purchases of meals by an exempt organization
28 are generally taxable. For example, restaurant meals purchased
29 for meetings are taxable when sold to an exempt organization.

30 (4) Charges for lodging sold to or purchased by
31 exempt organizations are taxable unless furnished under an
32 enforceable agreement for a continuous period of 30 days or
33 more. See part 8130.1000. For example, the sale of lodging by
34 a church to its members at a retreat center is taxable.
35 Purchases of lodging by an exempt organization for conventions
36 are also taxable. Lodging provided by children's camps licensed

1 under Minnesota Statutes, sections 144.71 to 144.76, is not
2 taxable. See part 8130.0800, subpart 6.

3 F. E. The sale of memberships to camps or other
4 recreation facilities for educational and social activities for
5 young people primarily age 18 and under are exempt if they are
6 owned and operated by an exempt organization under section
7 501(c)(3) of the Internal Revenue Code of 1986, as amended
8 through December 31, 1986. See Minnesota Statutes, section
9 297A.01, subdivision 3, paragraph (1), clause (2). The sale of
10 memberships to an association incorporated under Minnesota
11 Statutes, section 315.44, YMCAs, and YWCAs, are exempt. This
12 includes one-time initiation fees and periodic membership dues.
13 All separate charges for the privilege of having access to and
14 the use of the association's sports and athletic facilities are
15 taxable. See Minnesota Statutes, section 297A.25, subdivision
16 37.

17 G. F. While purchases of admissions provided for in
18 Minnesota Statutes, section 297A.01, subdivision 3, paragraph
19 (d), are not taxable when purchased by exempt organizations,
20 sales of admissions by exempt organizations are generally
21 taxable. The following sales of admissions in subitems (1) to
22 (3) are exempt.

23 (1) Tickets or admission to artistic performances
24 sponsored by qualified tax-exempt organizations are exempt.
25 This exemption includes sales of tickets or admission by public
26 schools, private schools, colleges, and universities for
27 concerts, plays, and similar artistic events sponsored by the
28 schools. ~~Admission-tickets-for-athletic-games-or-events-are-not~~
29 ~~included-in-this-exemption.~~ See ~~part-8130-0900-and~~ Minnesota
30 Statutes, section 297A.25, subdivision 24.

31 (2) Tickets or admission to regular season school
32 games, events, and activities are exempt. See Minnesota
33 Statutes, section 297A.25, subdivision 30.

34 (3) Admission to the premises of or events
35 sponsored by a nonprofit arts organization are exempt from
36 imposition of local government sales tax. See part 8130.0900

1 and Minnesota Statutes, section 297A.141.

2 H- G. Receipts from bingo, raffles, and other
3 gambling activities are subject to the tax imposed on lawful
4 gambling. See Minnesota Statutes, section 349.212.

5 F- H. A nonprofit organization that is exempt from
6 federal income taxation under subchapter F of the Internal
7 Revenue Code is not considered to be a trade or business.
8 Therefore, sales of items previously used in the operation of
9 the exempt organization may still qualify for the isolated or
10 occasional sale exemption. However, if an exempt organization
11 operates a trade or business that has little or no relationship
12 to its exempt purposes except to provide funds to carry out
13 those purposes, these activities are considered to be a trade or
14 business. In these instances, the sale of any equipment sold in
15 connection with the trade or business operated by an exempt
16 organization is taxable. See part 8130.5800 and Minnesota
17 Statutes, section 297A.25, subdivision 12.