

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

**S.F. No. 288**

(SENATE AUTHORS: JENSEN, Pratt, Lang, Anderson, B. and Rest)

DATE	D-PG	OFFICIAL STATUS
01/23/2017	377	Introduction and first reading Referred to Taxes
01/26/2017	405	Author added Rest
01/30/2017	454	Withdrawn and returned to author

1.1 A bill for an act  
1.2 relating to taxation; sales and use; providing an exemption for an annual city  
1.3 celebration; amending Minnesota Statutes 2016, section 297A.70, by adding a  
1.4 subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
1.7 to read:

1.8 Subd. 20. City celebrations. (a) Sales of tangible personal property or services and  
1.9 admissions charges to a city-designated annual city celebration designed to promote  
1.10 community spirit and cooperation are exempt. Exempt sales include the sale of prepared  
1.11 food, candy, soft drinks, malt liquor and wine as defined in section 340A.101, subdivisions  
1.12 19 and 27, at the event. The governing board of a statutory or home rule charter city with  
1.13 a population of less than 10,000 may designate one event in each calendar year as the annual  
1.14 city celebration that qualifies for the exemption under this subdivision. For a celebration to  
1.15 qualify, it must meet the following requirements:

1.16 (1) the event must be held on consecutive days, not to exceed five days in total;

1.17 (2) the event must be run either by the city or by a nonprofit organization designated by  
1.18 the city;

1.19 (3) all gross receipts of the event are recorded as such, in accordance with generally  
1.20 accepted accounting practice on the books of the city or the designated nonprofit organization;  
1.21 and

1.22 (4) the entire proceeds, less the necessary expenses, will be distributed to one or more  
1.23 of the following for charitable, educational, civic, or governmental purposes:

2.1 (i) the city's general fund;

2.2 (ii) a nonprofit 501(c)(3) organization to promote its primary mission; or

2.3 (iii) a nonprofit 501(c)(4) organization to promote its primary mission, however, no  
2.4 revenues from this event may be used by the organization for lobbying or political activities.

2.5 (b) This exemption is limited in the following manner:

2.6 (1) it does not apply to admission charges for events involving bingo or other gambling  
2.7 activities or to charges for use of amusement devices involving bingo or other gambling  
2.8 activities;

2.9 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
2.10 charitable, educational, civic, or governmental purposes; and

2.11 (3) it does not apply unless the city or designated nonprofit organization keeps a separate  
2.12 accounting record, including receipts and disbursements for all events included in the  
2.13 celebration that documents all deductions from gross receipts with receipts and other records.

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

2.18 (d) For purposes of this subdivision, "city celebration" means any of the following  
2.19 activities or combination of activities of limited duration, not regularly carried out in the  
2.20 normal course of business, that attract patrons for community, social, and entertainment  
2.21 purposes, such as parades, auctions, bake sales, ice cream socials, block parties, carnivals,  
2.22 competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, fairs, fashion  
2.23 shows, festivals, galas, special event workshops, sporting activities such as marathons and  
2.24 tournaments, and similar events. A city celebration does not include the operation of a  
2.25 regular place of business in which services are provided or sales are made during regular  
2.26 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, or  
2.27 regularly scheduled activities carried out in the normal course of business.

2.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.29 30, 2017.

2.30 Sec. 2. **AMNESTY; CERTAIN LOCAL FESTIVALS.**

2.31 A nonprofit organization that organized and ran a city celebration on behalf of a group  
2.32 of nonprofit organizations, of which all of the net proceeds were distributed to a combination

3.1 of 501(c)(3) and 501(c)(4) nonprofit organizations that use the proceeds primarily for  
3.2 charitable, educational, civic, or governmental purposes shall not be liable for any state or  
3.3 local uncollected and unpaid sales and use tax, penalties, or interest incurred in running the  
3.4 city celebration, for celebrations held before January 1, 2017. The amnesty in this section  
3.5 does not apply to sales and use taxes already paid or remitted to the state or to sales taxes  
3.6 already collected by the organization. The amnesty does apply to an audit of an organization  
3.7 as long as the audit is not finally resolved.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.