

1.1 A bill for an act

1.2 relating to taxation; sales and use; expanding eligibility and increasing
1.3 fund-raising sales exemption for nonprofits; amending Minnesota Statutes 2008,
1.4 section 297A.70, subdivision 13.

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

1.6 Section 1. Minnesota Statutes 2008, section 297A.70, subdivision 13, is amended to
1.7 read:

1.8 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following
1.9 sales by the specified organizations for fund-raising purposes are exempt, subject to the
1.10 limitations listed in paragraph (b):

1.11 (1) all sales made by an organization that exists solely for the purpose of providing
1.12 educational or social activities for young people primarily age 18 and under;

1.13 (2) all sales made by an organization that is a senior citizen group or association of
1.14 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
1.15 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii)
1.16 no part of its net earnings inures to the benefit of any private shareholders;

1.17 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if
1.18 the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization
1.19 under section 501(c)(3) of the Internal Revenue Code; and

1.20 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that
1.21 provides educational and social activities primarily for young people age 18 and under.

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

S.F. No. 2121, as introduced - 86th Legislative Session (2009-2010) [09-3682]

2.1 (1) the exemption under paragraph (a), clauses (1) and (2), applies ~~only if the~~ to
2.2 gross annual receipts of the organization from fund-raising ~~do not exceed \$10,000 up~~
2.3 to an amount not exceeding \$25,000; and

2.4 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
2.5 derived from admission charges or from activities for which the money must be deposited
2.6 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
2.7 the same manner as other revenues or expenditures of the school district under section
2.8 123B.49, subdivision 4.

2.9 (c) Sales of tangible personal property are exempt if the entire proceeds, less the
2.10 necessary expenses for obtaining the property, will be contributed to a registered combined
2.11 charitable organization described in section 43A.50, to be used exclusively for charitable,
2.12 religious, or educational purposes, and the registered combined charitable organization
2.13 has given its written permission for the sale. Sales that occur over a period of more than
2.14 24 days per year are not exempt under this paragraph.

2.15 (d) For purposes of this subdivision, a club, association, or other organization of
2.16 elementary or secondary school students organized for the purpose of carrying on sports,
2.17 educational, or other extracurricular activities is a separate organization from the school
2.18 district or school for purposes of applying the ~~\$10,000~~ \$25,000 limit.

2.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
2.20 June 30, 2009.