

Admissions and Amusement Devices

Sales Tax Fact Sheet 123

What's new in 2018

- We added information on ticket sales. For details, see Ticket Sellers on page 4.
- Room rentals are subject to sales tax when access to other areas of the facility is included in the room rental. For details, see Room Rentals on page 2.
- Athletic club social memberships that do not include the use of the athletic facilities are not taxable. For details, see Membership Fees on page 5.
- We clarified when sellers are required to collect local sales taxes. See Local Sales and Use Taxes on page 9.

Most admissions and entry fees are generally subject to sales tax in Minnesota, though there are a number of exceptions. This fact sheet describes what admissions and fees are taxable and how sales tax applies to amusement devices.

Examples of places of amusement, recreational areas, and athletic events:

- Amusement parks
- Archery ranges
- Athletic fields
- Bocce ball courts
- Campgrounds
- Community centers with athletic or recreational facilities
- Curling club rinks
- Dart board games
- Fairgrounds
- Game farms
- Golf courses
- Gymnasiums
- Horse riding facilities
- Horseshoe courts
- Hunting preserves
- Ice skating rinks
- Miniature golf courses
- Parks
- Picnic grounds
- Playgrounds
- Pools
- Resorts
- Roller blade parks
- Roller skating rinks
- Shooting ranges
- Shuffleboard courts
- Skateboard rinks
- Ski areas
- State or county parks
- Swimming beaches
- Trails
- Volleyball courts

Examples of amusement devices:

- Bowling alleys
- Jukeboxes
- Lift device on a ski slope
- Pinball machines
- Pool tables
- Shuffleboards
- Trapshooting facilities

Admissions and entry fees

Admissions

Minnesota law taxes the:

- Privilege of admission to places of amusement, recreational areas, or athletic events
- Making available of amusement devices, tanning facilities, reducing salons, steam baths, health clubs and spas or athletic facilities

Admissions to places of amusement, recreational areas, or athletic fields include those owned and operated by state, county, and local governments, such as fees for yearly stickers, short-term passes, guest fees, and league fees.

Entry fees

Entry fees are payments required as a condition to participate in a competitive event; and are generally taxable because they are for use of a golf course, athletic field, or other athletic facility. Any part of the entry fee that goes toward a prize or trophy fund is also taxable.

Entry fees for events that do not involve athletic facilities or recreational areas are not taxable. For example, an entry fee for a marathon that is run on city streets is not taxable. If there is no charge to spectators, the entry fees are not taxable. However, if the marathon is run on a track, ski or bike trail, or other area where there is an admission charge or charge for use of the facility, it is taxable.

Dance recital entry fees

Dance recital entry fees are not taxable because dance recitals are not competitive events. However, entry fees to dance competitions are taxable if an admission fee is charged to spectators.

Racetrack admission

Spectator admissions at racetracks are taxable.

Back gate or pit passes are fees charged for access to the pit area which is generally a restricted area where the cars and crews are located. Charges to the public for access to the pits are taxable as an admission fee.

Charges to drivers and the crew are considered entry fees because they are paid as a condition to compete in the competitive event. Back gate fees or entry fees are generally charged to the driver for special racing events and are taxable since it is an entry fee charged as a condition to participate in a competitive event.

League fees

Fees for youth to join teams and play in competitive events are not taxable. Youth leagues are exempt as educational organizations.

Adult league fees are taxable.

All charges for the use of athletic facilities are taxable. However, only the portion of a fee that is for admissions or the use of athletic or amusement devices is taxable when other charges are separately stated.

For example, the portion of a league entry (or registration) fee that provides for referees or officials, trophies, uniforms, leagues sanction fees, or administrative expenses are not taxable if they are separately stated from the charge for the use of the athletic facility. If the charges are not separately stated on the invoice, contract, or other written documentation; the entire charge is taxable.

Room rentals

Room rentals are:

- Taxable admission charges only if the room rental includes admission to a place of amusement or recreational area.
- Nontaxable admission charges when the seller is only providing a room.

For example, if a guest rents a room at a golf course and the rental of the room includes use of the golf course, the room rental is a taxable admission charge.

Note: If the guests are only allowed use of the room and have to pay a separate charge for access to the golf course, the room rental charge is not taxable.

Game farms

Admission or membership fees charged by game farms, shooting preserves, and hunting clubs are taxable.

Game release charges are part of the taxable admission or membership fee. However, if the birds are intended for human consumption, up to 75 percent of the amount billed, as game release charges may be exempt from sales tax as a nontaxable food item.

The exemption only applies if the charge allocated to the sale of food is separately stated from game release charges on the customer's invoice.

Game release charges include (but are not limited to) charges:

- To have a certain number of birds or animals available to hunt
- To have birds or animals released prior to hunting
- For birds or animals that exceed the limit allowed in the admission or membership

Game farms, shooting preserves, and hunting clubs must pay sales tax on items that they use or consume in their business, except for:

- Live birds or animals
- Feeds, medicines, and drugs
- Other consumable materials and supplies used in raising and maintaining the live birds or animals

Retail sales of slaughtered, dressed, and wrapped birds or animals by game farms, shooting preserves, or hunting clubs are not taxable.

Ski areas

Admission to ski areas are taxable.

Cross-country ski passes to use public trails are not taxable.

Items used or consumed primarily and directly for tramways at ski areas, snowmaking, snow grooming at ski hills, ski slopes, or ski trails are exempt. This includes:

- Machinery and equipment
- Fuel, electricity, and water additives used to produce and maintain machine-made snow
- Repair and replacement parts for qualifying equipment

Note: This exemption applies to purchases by the owner and contractors for use at ski areas.

To claim exemption, give the seller a completed Form ST3, *Certificate of Exemption*.

Sightseeing tours

Sightseeing tours by boat, train, bus, or other form of transportation are not taxable.

Tradeshows or other selling events

Charges for admission to trade shows such as boat, car, camping, home improvement, and wedding shows are not taxable.

Carnival buttons

Sales of buttons that promote community events are not taxable when the buttons are not used for admission to the events. This includes the Minneapolis Aquatennial, St. Paul Winter Carnival, and all other town or community events.

Ticket Sellers

There are two types of ticket sellers:

- Those who facilitate the sale
- Those who purchase tickets for resale

Ticket sellers who facilitate the sale

Ticket sellers who facilitate the sale sell admission tickets to an event or place of amusement on behalf of an event organizer. They are given tickets at no charge by the event organizer and generally return any unsold tickets to the organizer. Ticket seller facilitators include:

- convenience stores
- grocery stores
- online sellers
- other retailers

Ticket seller facilitators do not purchase tickets for resale. They charge the customer for the tickets and may add additional service or delivery charges. They are responsible for collecting and remitting sales tax on the total sales price sold to the customer including any additional charges.

Ticket sellers who purchase the tickets for resale

A ticket reseller is in the business of purchasing admission tickets for resale and must be registered to collect sales tax (Minnesota Statute 297A.68, subd. 43). Ticket resellers must collect and remit sales tax and all applicable local taxes on the total sales price of the admission ticket.

Ticket resellers may purchase admission tickets exempt for resale by providing their vendor with a completed Form ST3, Certificate of Exemption. If the ticket reseller did not purchase tickets exempt for resale, the ticket reseller can either:

- file a purchaser claim to request a refund of the tax paid on the original ticket price
- pass a credit for the tax paid on the original ticket price to their customer

Credit for tax paid on the original ticket price

If a reseller purchased the ticket from a seller that is not in the business of selling tickets, they cannot use a resale exemption certificate or file a purchaser refund claim. However, they may take the credit for the tax paid on the original ticket price when charging their customer.

The ticket reseller must keep records to document the price and tax paid when they purchase a ticket and when they resell a ticket. The credit allowed for sales tax paid can never be more than the tax paid on the original ticket or the amount of tax due on the total ticket sale.

Example

A venue will not accept an exemption certificate from a ticket reseller and therefore sells their tickets each with a charge of \$5 sales tax. The ticket reseller then sells the tickets to their customers for a higher amount that would result in \$7 sales tax on each ticket. The reseller either:

- Charges and remits the entire \$7 on the tax return.
 - The reseller would charge and remit the entire \$7 collected from the customer. They would then file a Purchaser Claim directly to the department to recover the \$5 sales tax they paid to the venue.
- Charges and remits \$2 on the tax return.
 - When charging the customer, the retailer would credit the \$5 they had already paid on their purchase of the original ticket and only charge \$2 to the customer. When filing the return, they would report only the \$2. They must keep records of the original tax paid, tax charged to their customer, and the credit taken.

Event organizers

When event organizers directly sell tickets to and collect payments from the purchaser, they are required to collect and remit sales tax on the total sales price for the ticket, including any additional charges and fees.

When an event organizer sells tickets through a third party and the third party collects the payment, including additional charges, the third party ticket seller is responsible for collecting and remitting sales tax. However, if the event organizer collects the payment directly from the purchaser, they are responsible for collecting the sales tax.

Membership fees

Memberships to any club, community center, or other organization are taxable if both of the following are true:

- The club, association, or other organization makes sports and athletic facilities available to its members without regard for whether a separate charge is assessed for use of the facilities.
- Use of the sports and athletic facility is not available to the general public on the same basis as it is made available to members.

One-time membership fees and periodic membership dues

All nonrefundable one-time initiation fees and periodic membership dues required to become a member or to remain a member of a club are taxable.

Note: Periodic membership dues are payments due at least annually to retain the rights and privileges of club membership.

Mandatory annual charges that allow members to make club purchases at special membership rates are taxable as periodic membership dues. Charges or penalties assessed for not meeting minimum spending requirements are not taxable when they are separately stated.

For more information, see:

- Revenue Notice 17-07: Sales and Use Tax – Golf, Country Club, and Athletic Club Memberships – Revocation of Revenue Notice # 00-05
- Fact Sheet 124, *Exercise Facilities and Health Clubs*

Social memberships

A social membership is a membership in a club that offers athletic facilities to its members, but does not include use of the facilities. These memberships are not taxable.

Lessons

Charges for lessons are not taxable. Sometimes the charge for lessons include the use of an athletic facility that is normally taxable. If the charge for the athletic facility is separately stated, that portion is taxable.

If the charge for lessons is one charge that includes both the instruction and the use of the facility, the charge is not taxable, unless the charge for the use of the facility is a significant part of the total cost of the lessons.

Sourcing admissions and memberships

Generally, sales of tickets for admission to taxable events and sales of taxable memberships to clubs are sourced to the location where the event or facility is located.

However, sometimes the tickets or memberships allow use at various locations, such as a membership to a health club that allows customers to use any of a number of facilities located in or outside of the state. These sales are sourced to the location where the membership is sold, regardless of where it is first used or where it is primarily used.

Additional sales

Lodging and seasonal rental contracts

Lodging facilities include:

- Cabins
- Condos
- Lodges
- Motels
- Trailers

Site rentals include:

- Campsites
- Sites to park campers, motor homes, trailers, or mobile homes

The lease or rental of lodging facilities or campsites is not taxable if both of the following are true:

- The rental period is 30 days or more
- There is an enforceable written agreement requiring the lessee to give notice of termination

For more information, see the *Hotels and Other Lodging Establishments Industry Guide*.

Equipment sales

Charge sales tax on sales of equipment that you use in your business. For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

Other taxable sales include:

- Athletic fields or facilities rented by a team or league
- Bait and tackle
- Batteries
- Beer
- Bucket of golf balls (rented at a driving range)
- Bug spray
- Camping fees, including electric or water hook-up
- Candy and gum
- Charcoal and lighter fluid
- Clothes line and pins
- Firewood (recreational use)
- First aid supplies
- Food (meals or drinks) prepared or heated by the seller
- Food for zoo animals
- Fuels for stoves and lanterns
- Golf clubs, balls, gloves, and spikes or cleated shoes
- Jewelry
- Latrine chemicals
- Life vests
- Parking fees
- Pet food
- Pop
- Postcards
- Rental of boats, motors, life jackets, bikes, canoes, skis, telescopes, picnic tables, and other equipment
- Skate rental
- Souvenirs, except clothing
- Sunglasses (nonprescription)
- Swimming goggles, nose clips, and ear plugs
- Tablecloths
- Tennis rackets and balls
- Tobacco, except cigarettes
- Towel service
- Vending machine receipts and jukebox, pool table, and electronic game receipts
- Water toys

Nontaxable sales include:

- Boat launching and slip rental fees
- Bottled water (unsweetened)
- Bowling shoes
- Caps, t-shirts, and other clothing
- Cigarettes
- Fishing and hunting licenses
- Food products such as milk, bread, canned goods, meat, and cereal
- Golf cart storage fees
- Ice
- Ice fish house storage fees
- Over-the-counter drugs
- Prepackaged chips, nuts, beef jerky, pies, and cupcakes; unless sold in a bar, restaurant, or other eating establishment
- Prepackaged sandwiches, burritos, pizza, etc. sold directly from the cooler, unless prepared or heated by the seller
- Self-service coin-operated washers, dryers, and showers

Exemptions

YMCA, YWCA, JCC, and similar organizations

Starting July 1, 2017, sales of memberships by qualifying organizations similar to the YMCA, YWCA, and Jewish Community Centers (JCCs) of Greater Minneapolis and St. Paul are exempt from sales tax.

This includes one-time initiation fees and periodic membership dues. Previously, only sales of memberships to the YMCA, YWCA, and JCC qualified for the exemption. For more information about qualifying organizations, see the Nonprofit Organizations Industry Guide.

Separate charges for access to and use of the organization's sports and athletic facilities are taxable. For example, swimming pool admissions, racquetball, and tennis court charges are taxable.

Nonprofit purchases of admissions and memberships

Qualifying nonprofit organizations may purchase admissions and certain tangible goods exempt from sales tax. To claim this exemption, the nonprofit organizations must provide a completed Form ST3, *Certificate of Exemption*.

Note: This exemption does not apply to meals and lodging.

Golf tournaments

Tickets or admissions to a golf tournament held in Minnesota are exempt if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under Internal Revenue Code, section 501(c)(3).

School tickets or admissions

Sales of tickets or admissions to regular season school games, events, and activities such as concerts and plays are exempt from sales tax. This exemption applies to public, nonprofit, and for-profit school with grades pre-kindergarten through grade 12, including vocational and career schools.

Sales of admissions to tournaments, post-season games, and other non-regular season games, events, and activities are taxable. Admissions charged to swimming pools, ice rinks, tennis courts, and other athletic facilities are taxable.

Camp fees

Camp fees are amounts paid to attend a camp, including charges for meals and lodging, and for instruction or training. Camp fees are exempt if the camp or facility is owned and operated by a 501(c)(3) organization; and the fees are for one of the following:

- Services primarily for children, adults accompanying children, or persons with disabilities
- Educational and religious activities

Educational or religious activities include (but are not limited to) events such as:

- Adult religious camps
- Culture camps
- Language camps
- Marriage retreats
- Music camps

Educational or religious activities do not include events such as:

- Family or class reunions
- Quilting bees
- Wedding receptions

Purchases

Items you use to provide your service are taxable when you buy them. Examples include:

- Furniture to provide lodging accommodations
- Equipment and supplies provided to customers along with admissions
- Equipment and supplies provided to customers along with use of recreational or athletic facilities

Coin-operated entertainment and amusement devices

Starting July 1, 2014, retailers may buy these devices exempt from sales tax when they sell admissions to or use of amusement devices.

Examples of coin-operated entertainment and amusement devices include:

- Batting cages
- Fortune-telling machines
- Jukeboxes
- Pool tables

Vending machines, lottery devices, and gaming devices do not qualify for this exemption.

For more information, see Minnesota Statute 297A.61, subd. 3(g)(1).

Jukebox music

Starting July 1, 2017, purchases of music by jukebox operators who charge customers for use of the jukebox are exempt from sales tax as long as the music is only used for the jukebox.

The music may be either a digital audio work or in tangible form such as a record or compact disc. Previously, the purchases of music by jukebox operators were taxable.

Resale exemption

Items that are purchased for resale, lease, or rental to the customer may be purchased exempt from sales tax. Give your supplier a completed Form ST3, *Certificate of Exemption*.

Examples include:

- Pop
- Candy
- Insect repellent
- Other items sold over the counter
- Rental equipment (boats, motors, golf, ski, volleyball equipment)

Miscellaneous

Local Sales and Use Taxes

If you are located in or make sales into an area with a local tax, you may owe local sales or use tax. For more information, see Fact Sheet 164, *Local Sales and Use Tax*.

Use tax

Generally, you pay sales tax at the time of purchase; but if the seller does not charge Minnesota sales tax on equipment, supplies, or other taxable items for your business, you owe use tax on the purchase price, and any applicable local taxes.

Report state and local taxes on your sales and use tax return. For more information, see Fact Sheet 146, *Use Tax for Businesses*.

How to report sales and use taxes

You can report state, local, and use taxes electronically at www.revenue.state.mn.us or you can file by phone at 1-800-570-3329.

For more information on how to file:

1. Go to www.revenue.state.mn.us
2. Click “Sales and Use Tax”
3. Under “I need to file Sales and Use Tax...,” select **Electronically** or **Phone**.

Legal References

Minnesota Statute 297A.61
subd. 3(g)(1), Admissions
subd. 3(g)(2), Lodging
subd. 3(g)(4), Memberships
subd. 4(h) & (j), Retail sale

Minnesota Statute 297A.668
subd. 2, Sourcing rules

Minnesota Statute 297A.67
subd. 19, Cross-country ski passes

Minnesota Statute 297A.68
subd. 3a, Coin-operated entertainment and amusement devices
subd. 29, Prizes

Minnesota Statute 297A.70
subd. 10, Nonprofit tickets or admissions
subd. 11, School tickets or admissions
subd. 12, YMCA, YWCA, JCC memberships
subd. 13, Fundraising sales by or for nonprofit groups
subd. 16, Camp fees

Minnesota Rule 8130.0900, Entertainment

Revenue Notices

97-12, Leased Seasonal Sites in Recreational Areas

02-13, Game Farms, Shooting Preserves and Hunting Clubs – Game Release Charges

02-20, Technical Corrections of Prior Revenue Notices

04-03, Camp Fees

16-02, Admissions – Features of Admission

17-07, Sales and Use Tax – Golf, Country Club, and Athletic Club Memberships – Revocation of Revenue Notice # 00-05

17-08, Sales and Use Tax – Admissions - Taxation of Room Rentals

Other Fact Sheets

102A, *Food and Food Ingredients*

102B, *Candy*

102C, *Soft Drinks and Other Beverages*

102D, *Prepared Food*

117A, *Drugs, Grooming and Hygiene Products*

142, *Sales to Governments*

Industry Guides

Food and Bar Establishments

Hotels and Other Lodging Establishments

Nonprofit Organizations