

Minnesota revenue notice number 02-11

Sales and Use Tax - School Meals - Board Contracts at Colleges, Universities, or Private Career Schools

Background

Effective July 1, 2002, meals and lunches sold at colleges, universities, or private career schools are subject to the sales tax. Minnesota Statutes, section 297A.67, subdivision 5, provides that meals and lunches served to students at those institutions are exempt if provided under a board contract.

Issue

For purposes of the exemption found in *Minnesota Statutes*, section 297A.67, subdivision 5, which meals and lunches will be considered to be provided under a board contract and therefore exempt from the sales tax?

Department position

All meals and lunches purchased by students at a college, university, or private career school under a pre-paid contract or where a lump sum charge is made for a set term of time are considered meals furnished under a board contract. Meals and lunches provided under a contract with an educational institution that provides lodging, meals and tuition for a single charge will be treated as being provided under a board contract. The exemption continues to apply when the educational institution contracts with a third party to supply the meals and lunches. Meals and lunches purchased by students are exempt when purchased with debit cards, "flex money," "bonus bucks," or any other method of purchase authorized by the educational institution under a board contract.

Sales of individual meals and lunches and sales of a la carte food items to students by a cafeteria or similar operation, such as a snack bar or kiosk, are subject to the sales tax when not provided under a board contract. All meals and lunches served to non-students, faculty, and other employees of the educational institution, are subject to sales tax. All food sold through vending machines at colleges, universities and a private career school is subject to the sales tax. All meals and lunches sold to college or university student clubs, organizations, or groups are subject to sales tax unless included under a board contract. The exemptions, for purchases made by public colleges and universities or by nonprofit educational institutions, found in Minnesota Statutes, section 297A.70, subdivisions 2 and 4, do not apply to the purchases of meals and lunches.

Meals and lunches included within the fees or tuition to participate in an educational or recreational program provided by educational institutions at colleges, universities, or private career schools will continue to be exempt under Minnesota Rules, part 8130.0800, subpart 6. The educational institution sponsoring the educational or recreational programming would not be treated as a retailer of meals since the meals are incidental to the educational purposes of the programs. All meals or lunches purchased by the entity sponsoring the educational or recreational program at a college, university or private career school will be exempt from the sales tax if the meals are provided under a board contract with the educational institution.

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