

This notice was modified on September 7, 2004.

MINNESOTA DEPARTMENT OF REVENUE

Modification of Revenue Notice # 02-13

Revenue Notice # 02-13: Sales and Use Tax – Game Farms, Shooting Preserves and Hunting Clubs – Game Release Charges*

***With modifications shown (see “Key” below).**

Background

Minnesota Statutes, section 297A.61, subdivision 3(g)(1), includes within the definition of a taxable sale charges for admission to places of amusement and recreational areas. A taxable sale also includes, under *Minnesota Statutes*, section 297A.61, subdivision 3(g)(4), memberships in an organization when a membership is required to use the organization's sports facilities. Consequently, all admission or membership fees charged by game farms, shooting preserves and hunting clubs for the privilege of entering onto the premises for recreational hunting are subject to the Minnesota sales and use tax.

Game farms, shooting preserves and hunting clubs may also impose game release charges. Game release charges include, but are not limited to, (1) charges to have a certain number of birds or animals available to hunt, (2) charges to have birds or animals released prior to hunting, or (3) charges for birds or animals taken over the limit allowed in the base charge for admission or membership.

Issue

Are ~~separately stated~~ game release charges considered part of the admission or-membership fee that is subject to the Minnesota sales and use tax?

Department Position

All gross receipts, including separately stated game release charges, are taxable as part of the admission or membership fees. Accordingly, the entire charge for the privilege of hunting at game farms, shooting preserves or hunting clubs is subject to the Minnesota sales and use tax including per bird or animal; additional bird or animal; or released bird or animal charges. The department takes the position that game release charges are part of the fees paid for admission to an amusement or recreational area but that up to 75 percent of the amount billed as game release charges may be exempt from sales tax as the sale of an exempt food item if the birds or animals are intended for human consumption. To be exempt from sales tax, the portion of the charge allocated to the sale of food must be stated separately from game release charges on the invoice to the customer. If the charge for the sale of the exempt food item is not separately stated, the entire game release charge to the customer is taxable.

Game farms, shooting preserves and hunting clubs are required to pay sales tax on their purchases of items that are used or consumed in the process of providing taxable services under *Minnesota Statutes*, section 297A.61, subdivision 4(h), including but purchases of live birds or animals are exempt. Purchases of feeds, medicines and drugs, and other consumable materials and supplies used in raising and maintaining the live birds or animals would also be exempt. However, ~~r~~Retail sales of slaughtered, dressed and wrapped birds or animals by game farms, shooting preserves or hunting clubs that are not sold as part of an admission or membership fee are not subject to the Minnesota sales and use tax.

TERESE M. MITCHELL, Director
Appeals and Legal Services Division
Publication Date: September 7, 2004

***Key:** Underlining indicates additions to existing Revenue Notice language. Strikeouts indicate deletions from existing Revenue Notice language.

Please see page 2 for a clean, printable copy of this notice as modified.

MINNESOTA DEPARTMENT OF REVENUE

Modification of Revenue Notice # 02-13

Revenue Notice # 02-13: Sales and Use Tax – Game Farms, Shooting Preserves and Hunting Clubs – Game Release Charges**

**As modified

Background

Minnesota Statutes, section 297A.61, subdivision 3(g)(1), includes within the definition of a taxable sale charges for admission to places of amusement and recreational areas. A taxable sale also includes, under *Minnesota Statutes*, section 297A.61, subdivision 3(g)(4), memberships in an organization when a membership is required to use the organization's sports facilities. Consequently, all admission or membership fees charged by game farms, shooting preserves and hunting clubs for the privilege of entering onto the premises for hunting are subject to the Minnesota sales and use tax.

Game farms, shooting preserves and hunting clubs may also impose game release charges. Game release charges include, but are not limited to, (1) charges to have a certain number of birds or animals available to hunt, (2) charges to have birds or animals released prior to hunting, or (3) charges for birds or animals taken over the limit allowed in the base charge for admission or membership.

Issue

Are game release charges considered part of the admission or membership fee that is subject to the Minnesota sales and use tax?

Department Position

All gross receipts, including game release charges, are taxable as part of the admission or membership fees. The department takes the position that game release charges are part of the fees paid for admission to an amusement or recreational area but that up to 75 percent of the amount billed as game release charges may be exempt from sales tax as the sale of an exempt food item if the birds or animals are intended for human consumption. To be exempt from sales tax, the portion of the charge allocated to the sale of food must be stated separately from game release charges on the invoice to the customer. If the charge for the sale of the exempt food item is not separately stated, the entire game release charge to the customer is taxable.

Game farms, shooting preserves and hunting clubs are required to pay sales tax on their purchases of items that are used or consumed in the process of providing taxable services under *Minnesota Statutes*, section 297A.61, subdivision 4(h), but purchases of live birds or animals are exempt. Purchases of feeds, medicines and drugs, and other consumable materials and supplies used in raising and maintaining the live birds or animals would also be exempt. Retail sales of slaughtered, dressed and wrapped birds or animals by game farms, shooting preserves or hunting clubs are not subject to the Minnesota sales and use tax.

TERESE M. MITCHELL, Director
Appeals and Legal Services Division
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