

Revenue Notice #91-08

Income Tax - Definition of Contribution for Purposes of Issuing an Official Receipt (Form EP-3) for the Political Contribution Refund

Note: This Revenue Notice was revoked on November 18, 1991. See: RN # 91-16.

Minnesota Statutes § 290.06, subd. 23(c) defines "contribution" for purposes of the political contribution refund, as "a gift of money." Eligible candidates and parties should therefore not issue an official receipt Form EP-3 ("receipt") to contributors of goods or services.

Example 1. The contributor donates \$50 worth of lumber so that the candidate can build a booth at the county fair. No receipt should be issued.

Furthermore, to the extent that the contributor expects to receive value for a contribution, the contribution is not a gift, and therefore is not refundable.

Example 2. The contributor purchases a gift certificate good for \$100 of office supplies for \$50 at a political fund raiser auction. No receipt should be issued.

Example 3. The contributor purchases a gift certificate good for \$100 of office supplies for \$150 at a political fund raiser auction. A receipt may be issued for \$50.

Example 4. The contributor purchases a raffle ticket for \$10, which entitles the contributor to a chance to win several prizes worth more than \$250. No receipt should be issued since the \$10 is merely the purchase price for the chance to win a valuable item.

Example 5. The contributor purchases a \$50 ticket for admission to a fund raiser dance. Dinner is served, followed by brief comments from the candidate. Then the band plays, uninterrupted, for the remainder of the evening. The contributor may be issued a receipt for the portion of the \$50 that exceeds the fair market value of the dinner and the dance. The issuer of the receipt must make a good faith, reasonable estimate of each of the benefits available to the contributor in determining the amount of the contribution to include on the receipt. This is true even if the contributor does not attend the function.

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