

MINNESOTA • REVENUE

SALES TAX State High School League Exemption

February 28, 2011

Department of Revenue
Analysis of H.F. 485 (Davids)

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
	(000's)			
General Fund	(\$620)	(\$620)	(\$625)	(\$630)
Natural Resources and Arts Funds	(\$35)	(\$35)	(\$35)	(\$35)
Total – All Funds	(\$655)	(\$655)	(\$660)	(\$665)

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: Tickets or admissions to regular season school games, events, and activities are exempt from sales tax.

From July 1, 2007, to June 30, 2011, tickets or admissions to games, events, and activities sponsored by the Minnesota State High School league are exempt from the sales tax. The Minnesota State High School League is required to annually determine the sales tax savings attributable to this exemption and transfer that amount to a nonprofit charitable foundation for the purpose of promoting high school extracurricular activities.

Proposed Law: The bill extends the current exemption permanently. The bill would also remove a provision requiring that the first priority for proceeds to the charitable foundation to be used for grants for scholarships to individuals to offset athletic fees.

REVENUE ANALYSIS DETAIL

- Information on revenues was provided by a Minnesota State High School League representative. The average taxable revenues for the last three years were \$9.4 million.
- Ticket revenues can vary from year to year. Based on the most recent eight years, ticket revenues are expected to increase at an average of 0.5% annually.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy