SALES AND USE TAX
County Agricultural Societies

February 16, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 301 (Betzold) / H.F. 469 (Abeler)

	Revenue Gain or (Loss)			
	F.Y. 2002	**F.Y. 2003**	**F.Y. 2004**	**FY2005**
		(000's)		
General Fund	($240)	($250)	($265)	($280)

Effective for sales made after June 30, 2001.

EXPLANATION OF THE BILL

Current Law: County agricultural societies conduct fairs in Minnesota counties. They collect sales tax on gate receipts and grandstand events. The Commissioner of Agriculture prescribes accounting methods for the societies.

Proposed Law: A county agricultural society would be allowed to retain the sales tax that it collects on tickets to the premises or events sponsored by the society on the county fairgrounds during the annual county fair. The society would be required to use the money exclusively for capital improvements to buildings and facilities owned by the county agricultural society on the county fairgrounds. To be eligible to retain the sales tax revenues, the society is required to match the amount retained with an equal amount from proceeds from specified sources.

REVENUE ANALYSIS DETAIL

- Based on information from the Minnesota Department of Agriculture, the statewide gate receipts and grandstand receipts at Minnesota county fairs in calendar year 2000 were $3,516,600.
- It is assumed that all county agricultural societies which now charge for admission to the county fair and/or grandstand events would participate by providing matching funds.
- Information from the Minnesota Office of Tourism indicates that county fairs are held primarily in July and August with a few county fairs held the last week of June. It is assumed that all sales tax recepits for a calendar year would be received in the following fiscal year.
- An annual combined growth factor for attendance and price of 5.2% was applied, which is the average annual growth for the last eight years.

Number of Taxpayers Affected: Because some counties have more than one county fair, county agricultural societies conduct 96 county fairs in the 87 Minnesota counties. In 2000, there was an admission charge to the fair and/or grandstand events at 91 county fairs.

ADMINISTRATIVE/OPERATIONAL IMPACT:
There are no administrative or operational costs to the Department of Revenue in administering this bill.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/polic.html#analyses

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