

# MINNESOTA • REVENUE

**SALES TAX  
St. Paul RiverCentre Complex  
Nonprofit Organization**

April 12, 2004

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

Department of Revenue  
Analysis of H.F. 2936 (Hausman) **As Proposed to be Amended**

	<b>Revenue Gain or (Loss)</b>			
	<b>F.Y. 2004</b>	<b>F.Y. 2005</b>	<b>F.Y. 2006</b>	<b>F.Y. 2007</b>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective the day after the city council and chief clerical officer of the city of St. Paul have complied with the provisions of Minnesota Statutes, Section 645.023.

**EXPLANATION OF THE BILL**

**Current Law:** Purchases by local governments are generally subject to the sales and use tax. There is a sales and use tax exemption for sales to nonprofit organizations operated exclusively for charitable, religious, or educational purposes when the items are used in performance of charitable, religious, or educational functions. These organizations are described in section 501(c)(3) of the Internal Revenue Code. Sales of admission to artistic and cultural events are also exempt from sales tax if the sponsor is a 501(c)(3) organization or a municipal board that promotes cultural and arts activities.

**Proposed Law:** The bill authorizes the city of St. Paul to participate in the creation of a nonprofit organization and to contract with that organization to manage, operate, equip, and maintain the RiverCentre complex. The nonprofit organization would be the successor to the present RiverCentre authority. The mayor would appoint a majority of the nonprofit organization's governing board and also two city council members to serve on the board. Other provisions relating to the new entity are specified in the bill.

The nonprofit organization would be exempt from taxation by the state or any political subdivision. **The proposed amendment** provides that the nonprofit organization would be exempt to the extent that it would if the RiverCentre complex was operated by the city. The amendment also specifies that sales of admission to events sponsored by the nonprofit organization do not qualify for the exemption of admission to artistic and cultural events.

**REVENUE ANALYSIS DETAIL**

- With the proposed amendment, the bill would have no revenue impact because the tax status of the new entity would be the same as the existing one. The first provision of the proposed amendment makes clear that the organization is subject to state sales tax on its purchases. The amendment's second provision makes clear that the nonprofit organization's sales of admission to events do not qualify for exemption.

**Number of Taxpayers:** One entity

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)