

MINNESOTA • REVENUE

SALES TAX Flea Markets and Similar Selling Events

April 19, 2005

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

Department of Revenue
Analysis of H.F. 2393 (Kohls) / S.F. 2209 (Murphy)

Fund Impact

| | <u>F.Y. 2006</u> | <u>F.Y. 2007</u> | <u>F.Y. 2008</u> | <u>F.Y. 2009</u> |
|--------------|------------------|------------------|------------------|------------------|
| | (000's) | | | |
| General Fund | (Negligible) | (Negligible) | (Negligible) | (Negligible) |

Effective for selling events held after June 30, 2005

EXPLANATION OF THE BILL

Current Law: The operator of a flea market, craft show, antique show, convention exhibit area, etc., must obtain from a person intending to make sales at the event evidence that the person has a valid sales tax permit or a written statement that the person will not be selling any taxable items. The general exemption for isolated and occasional sales does not apply to sales made as such events.

Proposed Law: The bill gives a sales tax exemption for sales made by a person at a flea market or similar event if the person gives the operator of the event a written statement that (1) the present event is the only one the person will be participating in for that calendar year, (2) the person will be participating for three or fewer days, and (3) the person will make less than \$500 in total sales at the event. The bill provides that sales made by a person who meets these qualifications shall be considered exempt isolated and occasional sales.

REVENUE ANALYSIS DETAIL

The actual revenue impact is not known but is likely to be small. For example, if 600 persons a year would come under the exemption at an average of \$250 in taxable sales at such events, the revenue loss would be \$9,750. Therefore, a negligible impact is shown.

Number of Taxpayers: Not known

Source: Minnesota Department of Revenue
Tax Research Division

http://www.taxes.state.mn.us/taxes/legal_policy