MINNESOTA · REVENUE

SALES AND USE TAX
Sales between a Religious Order and a Higher Education Institution

March 16, 2012

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2607 (Hosch) / S.F. 2288 (Fischbach)

	Fund Impact			
	F.Y. 2012	**F.Y. 2013**	**F.Y. 2014**	**F.Y. 2015**
		(000's)		
General Fund	$0	($44)	($49)	($50)
Natural Resources and Arts Funds	$0	($3)	($3)	($3)
Total – All Funds	$0	($47)	($52)	($53)

Effective for purchases made after June 30, 2012.

EXPLANATION OF THE BILL

Current Law: Nonprofit organizations are not currently exempt from paying sales tax on the following items: lodging, prepared food, candy, soft drinks, and alcoholic beverages, excluding sacramental wine.

Proposed Law: This bill would create an exemption for sales of lodging, prepared food, candy, soft drinks, and alcoholic beverages at noncatered events between an established religious order and an affiliated institution of higher education. An institution of higher education is affiliated with an established religious order if members of the religious order are represented on the governing board of the institution of higher education and the two organizations share campus space and common facilities.

REVENUE ANALYSIS DETAIL

- St. John's University and St. John's Abbey in Collegeville appear to be the only entities that would be affected by the proposed exemption.
- St. John's has provided information that indicates the revenue loss from this exemption would be approximately $50,000 in calendar year 2012.
- An annual growth rate of 2.5% was assumed.
- The estimate for fiscal year 2013 was adjusted to reflect eleven months of collections.

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

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