

MINNESOTA • REVENUE

SALES AND USE TAX Annual Meeting of a Certain Organization

April 1, 2014

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2918 (Pappas) As Proposed to be Amended (SCS2918A-2)

	Fund Impact			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
		(000's)		
General Sales and Use Tax	\$0	(\$59)	\$0	\$0
Liquor Gross Receipts Tax	<u>\$0</u>	<u>(\$3)</u>	<u>\$0</u>	<u>\$0</u>
General Fund Total	\$0	(\$62)	\$0	\$0
Natural Resources and Arts Funds	\$0	(\$3)	\$0	\$0
Total – All Funds	\$0	(\$65)	\$0	\$0

Effective for sales and purchases made after June 30, 2014, and before January 1, 2015.

EXPLANATION OF THE BILL

The proposal would exempt from the 6.875% sales and use tax the sales of prepared food, soft drinks, candy, and alcoholic beverages to an organization defined by the Internal Revenue Service as an instrumentality of each, and all, of the states holding an annual meeting in Minnesota. It is assumed that the exemption would also apply to the 2.5% liquor gross receipts tax in Minnesota Statutes, Section 295.75.

REVENUE ANALYSIS DETAIL

- It is expected that the exemption would apply to one three-day annual meeting held in Minnesota.
- This estimate assumes there will be 5,000 meeting attendees.
- Based on information from a large event caterer prepared food, soft drinks, and candy are estimated to cost \$160 per person.
- Alcoholic beverages are estimated to cost \$20 per person.

Source: Minnesota Department of Revenue
Tax Research Division
[www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)

sf2918_1 / smd