

January 28, 2019

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		<b>x</b>

Department of Revenue  
Analysis of S.F. 48 (Osmek) / H.F. 43 (Hertaus)

	<b>Fund Impact</b>			
	<b>F.Y. 2020</b>	<b>F.Y. 2021</b>	<b>F.Y. 2022</b>	<b>F.Y. 2023</b>
	(000's)			
General Fund	(\$10)	(\$10)	(\$10)	(\$10)
Natural Resources and Arts Funds	<u>(negl.)</u>	<u>(negl.)</u>	<u>(negl.)</u>	<u>(negl.)</u>
Total – All Funds	(\$10)	(\$10)	(\$10)	(\$10)

Effective for sales and purchases made after June 30, 2019.

**EXPLANATION OF THE BILL**

**Current Law:** The purchase of tangible personal property and certain services by organizations operated exclusively for charitable, religious, or educational purposes are generally exempt from the sales and use tax. The goods and services must be used for a charitable, religious, or educational function. Nonprofit organizations whose primary purpose is the operation of ice arenas or rinks are not generally considered to be operated exclusively for a charitable, religious, or educational purpose.

There is a sales and use tax exemption for a specific nonprofit ice arena used for youth and high school programs.

**Proposed Law:** The bill would expand the exemption for one nonprofit ice arena to the David M. Thaler Sports Center.

**REVENUE ANALYSIS DETAIL**

- The estimates are based on information for Westonka Sports Association reported on federal Form 990 for nonprofit organizations in Minnesota and information for the David M. Thaler Sports Center received from a representative of the center.
- It is assumed that the current organizational structure for the David M. Thaler Sports Center would qualify for the exemption.
- Total expenses for the most recent fiscal year were approximately \$350,000.
- It is estimated that about 50% of expenses were for taxable sales.
- A growth rate of 2% is assumed.

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)