

March 11, 2020

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3806 (McDonald) / S.F. 3767 (Dahms)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	\$0	(\$20)	(\$30)	(\$30)
Natural Resources and Arts Funds	<u>\$0</u>	<u>(negl.)</u>	<u>(negl.)</u>	<u>(negl.)</u>
Total – All Funds	\$0	(\$20)	(\$30)	(\$30)

Effective for sales and purchases made after June 30, 2020.

EXPLANATION OF THE BILL

Current Law: Sales by a county agricultural society, including admissions, parking, admissions to separately ticketed events, concessions sales, and other sales made by employees or volunteers of the county agricultural society during a regularly scheduled county fair are exempt. The exemption is limited to sales or events by a county agricultural society during a scheduled county fair and on the county fairgrounds.

Proposed Law: The bill would expand the sales and use tax exemption to presales of parking or admissions for days or events that are part of the regularly scheduled county fair.

REVENUE ANALYSIS DETAIL

- Attendance at the 93 county fairs in Minnesota was approximately 2.6 million in 2018.
- The Minnesota Department of Agriculture reports \$22.1 million of income for county agricultural societies in calendar year 2018. The total sales tax collected by Minnesota county agricultural societies is estimated to be \$1.5 million.
- It is estimated that 2% of sales are advance sales of parking, admissions, and events.
- A growth rate of 2% is assumed based on the consumer price index for urban consumers.
- The fiscal year 2021 estimates are adjusted for the effective date.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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