



Sales and Use Tax for Schools

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us

Minnesota Business Tax Education

June 2025

Disclaimer

This presentation is for educational purposes only and does not provide tax advice. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at salesuse.edu@state.mn.us, 651-296-6181, or 1-800-657-3777 (toll-free).



Minnesota Business Tax Education Program

Providing education opportunities about Minnesota tax laws.

Overview

This presentation explains how sales and use tax applies to sales and purchases made by:

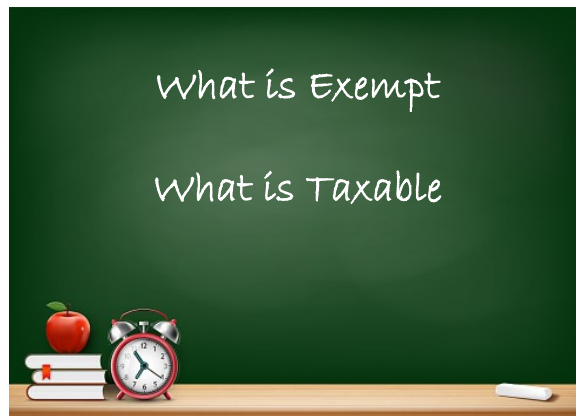
- School districts
- Public schools
- Student organizations
- Parent organizations



Course Objectives

As a result of the training, you will be able to identify:

- When fundraising sales are taxable and when they are exempt
- When ticket sales and admissions to school games, events, and activities are taxable
- Which sales made to students are taxable
- How sales and use tax applies to purchases made by public schools and school districts
- What resources are available to help answer your questions and keep you informed



Sales by Schools

Minnesota Tax Identification Number

Any entity that makes taxable sales must:

- Have a Minnesota Tax ID number
- Register for Sales and Use Tax
- Collect sales tax on all taxable sales
- Remit sales tax to the Minnesota Department of Revenue

Fundraising Event

“Fundraising event” means an activity that:

- Is of limited duration
- Is not regularly carried out in the normal course of business
- Attracts people for community, social, or entertainment purposes



Start Here

Is the seller a nonprofit organization that provides educational and social activities for youth, primarily age 18 and younger?

No

Sales are subject to sales tax if the items sold are taxable unless they meet the fundraising criteria for general nonprofit groups. See the general fundraising sales decision tree.

Yes

Is the seller a school-related, parent organization?
Examples include PTA, PTO, booster club, prom committee, or similar groups.

Yes

The organization needs to register for their own Minnesota Tax ID Number, separate from the school district. However, continue through this flowchart to determine the taxability of the fundraising sales.

No

Is this a sale of candy?

Yes

The fundraising sales are exempt from sales tax without limitation to the amount of sales.

No

No

Are the fundraising sales run through a school district and both of these statements are true?

- The sales are for elementary or secondary student organizations to fund extracurricular activities such as sports, arts, etc.
- The school district reserves the revenue raised for extracurricular activities and the money raised for a specific activity is spent on that activity.

No

Charge sales tax on the fundraising sales if the items sold are taxable.

Note: Consider selling exempt items such as candy and gum; clothing; prepared foods served on school premises; tickets or admissions to regular season games, events, and activities.

Yes

Yes

Do fundraising receipts for the youth organization total more than \$20,000 for the calendar year?

Treat each club, association, or organization separately when applying the \$20,000 test.

Yes

Do not charge sales tax on the first \$20,000 fundraising sales.

Charge sales tax on items sold in excess of the \$20,000 threshold if the items sold are taxable.

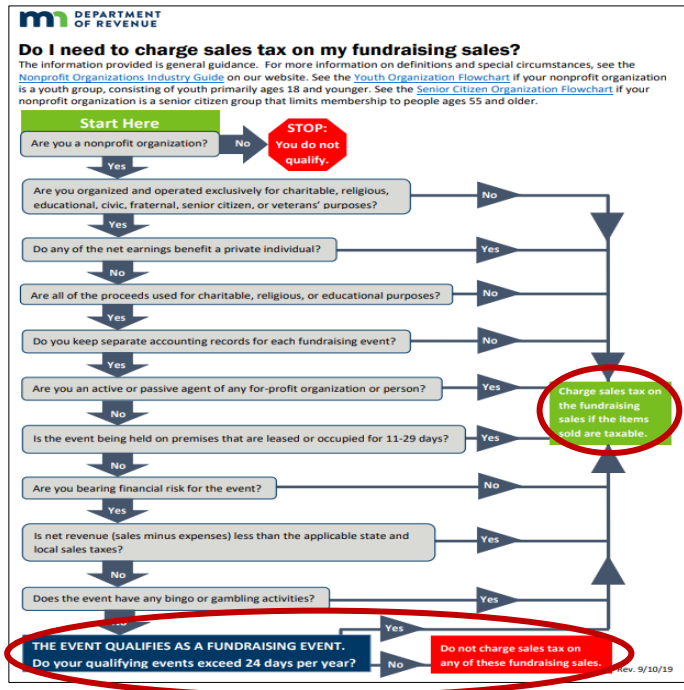
No

Do not charge sales tax on these fundraising sales.

This document is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this document supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Rev. January 2022

General Fundraising Sales Flowchart

- Receipts total more than \$20,000?
- 24 or fewer selling days?



Sales of Personal Computers and Related Software

Personal computers and related software sold by a school are exempt if these three criteria are met:

1. The school sells or leases the item to enrolled students
2. It is required for a course of study
3. It is a condition of enrollment



Sales of School Tickets or Admissions

Are tickets or admissions taxable?

Type of School Game, Event, or Activity	Not a member MSHSL	MSHSL Member
Regular season	No	No
Tournament	Yes	No (until 6/30/2027)
Post-season	Yes	No (until 6/30/2027)
Non-regular season	Yes	No (until 6/30/2027)

Taxable Admissions to Athletic Facilities

- Athletic fields
- Gymnasiums
- Handball courts
- Ice skating rinks
- Swimming pools
- Tennis courts
- Weight rooms

[Admission and Amusement Devices](#)

Taxable Items Sold by Schools

- Art supplies
- Books other than textbooks
- Musical instruments
- School supplies
- Shop supplies

Taxable Items Sold by Schools

- Class rings
- Graduation announcements
- Pictures
- Yearbooks

Other Taxable Items Sold by Schools

- Amusement device receipts
- Parking fees [Parking Service Providers](#)
- Rental of recreation areas and athletic facilities
- Sports equipment
- Swimming pool admissions and towel fees

Taxable Vending Machine Sales

- Candy bars
- Honey roasted nuts
- Hot coffee or cocoa
- Sandwiches
- Soda pop and other soft drinks
- Sports drinks



[Vending Machines and Other Coin-Operated Devices, Candy, Prepared Food, Soft Drinks and Other Beverages](#)

Exempt Vending Machine Sales

- Bottled water
- Carton of milk
- Cookies and muffins
- Fruits and fruit juices
- Licorice
- Potato chips

[Food and Food Ingredients](#)

Exempt Items Sold by Schools

- Graduation cap and gown rentals
- Tuition
- Memberships or club dues to school organizations



What is Exempt

What is Taxable



Purchases by Schools

Purchases

Most goods, services, and equipment **used by** public schools may be purchased exempt by the school.

- Chairs and desks
- Computers and software
- Lab equipment and supplies
- Library books and textbooks
- Office supplies and equipment
- Security services



Special School Exemption - Meals at Schools

Criteria for the exemption for meals at schools:

- Prepared food, drinks and catering services
- Furnished, served or delivered on school premises
- Pre-K through 12th grade



[Eating Establishments](#)

Special School Exemption - Textbooks

Criteria for the exemption for textbooks:

- Required for use in a course of study at a school
- Sold to regularly enrolled students
- Complete an exemption certificate



Special School Exemption - Motor Vehicles

Criteria for the exemption for motor vehicles:

- Purchased or used by a private nonprofit or public school
- Used as an instructional aid in a vehicle body and mechanical repair course



How to Make Exempt Purchases

Public schools must give their suppliers at least one of these types of documentation when purchasing exempt:

- A completed Form ST3, Certificate of Exemption
- A purchase order
- Payment voucher

Note: If using a purchase order or payment voucher, it must clearly show that the school is a government entity

Required Elements for Exemption Certificates

Name of Purchaser I.S.D. 987			
Business Address 123 Main Street	City Anytown	State MN	ZIP code 55555
Purchaser's Tax ID Number 1234567		State of Issue Minnesota	
If no tax ID number, enter one of the following: FEIN, Driver's license number/State issued ID number, State of Issue, Number			
Name of seller from whom you are purchasing, leasing, or renting ABC School Supply Co.			
Seller's Address 987 University Ave.		City St. Paul	State MN ZIP code 55101
Type of Business			
<input type="checkbox"/> 01 Accommodation and food services	<input type="checkbox"/> 11 Transportation and warehousing		
<input type="checkbox"/> 02 Agricultural, forestry, fishing, hunting	<input type="checkbox"/> 12 Utilities		
<input type="checkbox"/> 03 Construction	<input type="checkbox"/> 13 Wholesale trade		
<input type="checkbox"/> 04 Finance and insurance	<input type="checkbox"/> 14 Business services		
<input type="checkbox"/> 05 Information, publishing and communications	<input type="checkbox"/> 15 Professional services		
<input type="checkbox"/> 06 Manufacturing	<input type="checkbox"/> 16 Educational and health services		
<input type="checkbox"/> 07 Mining	<input checked="" type="checkbox"/> 17 Minnesota government		
<input type="checkbox"/> 08 Real estate	<input checked="" type="checkbox"/> 18 Government		
<input type="checkbox"/> 09 Rental and leasing	<input type="checkbox"/> 19 Not a business (explain) _____		
<input type="checkbox"/> 10 Retail trade	<input type="checkbox"/> 20 Other (explain) _____		
Reason for Exemption (See Instructions)			
<input type="checkbox"/> A Federal government (department) _____	<input type="checkbox"/> J Agricultural production		
<input type="checkbox"/> B Specific government exemption	<input type="checkbox"/> K Industrial production/manufacturing		
<input type="checkbox"/> C Tribal government (name) _____	<input type="checkbox"/> L Direct pay authorization		
<input type="checkbox"/> D Foreign diplomat # _____	<input type="checkbox"/> M Multiple points of use (services, digital goods, or computer software delivered electronically)		
<input checked="" type="checkbox"/> E Educational organization # _____	<input type="checkbox"/> N Direct mail		
<input type="checkbox"/> F Religious organization # _____	<input type="checkbox"/> O Other (enter number from instructions) _____		
<input checked="" type="checkbox"/> H Retailer	<input type="checkbox"/> P Percentage exemption		
<input type="checkbox"/> I Qualifying capital equipment (see instructions when equipment claimed is part of a construction project)	<input type="checkbox"/> Advertising (enter percentage) _____ %		
	<input type="checkbox"/> Utilities (enter percentage) _____ %		
	<input type="checkbox"/> Electricity (enter percentage) _____ %		
I declare that the information on this certificate is correct and complete to the best of my knowledge and belief. (PENALTY: If you try to evade paying sales tax by using an exemption certificate for items or services that will be used for purposes other than those being claimed, you may be fined \$500 and/or imprisoned for one year.)			
Signature of Purchaser <i>John Jones</i>		Print Name here John Jones	Date 03/01/2023
Title Purch. Agent			

- Purchaser's name and address
- Purchaser's Minnesota tax ID number
- Purchaser's type of business
- Reason for exemption
- Purchaser's signature (if a paper certificate is used)

Other Fields on the Exemption Certificate

mn DEPARTMENT OF REVENUE			
Form ST3, Certificate of Exemption			
Purchaser: Complete this certificate and give it to the seller.			
Seller: If this certificate is not completed, you must charge sales tax. Keep this certificate as part of your records. This is a blanket certificate, unless one of the boxes below is checked. This certificate remains in force as long as the purchaser continues making purchases or until otherwise cancelled by the purchaser.			
<input type="checkbox"/> Check if this certificate is for a single purchase and enter the related invoice/purchase order # _____			
<input type="checkbox"/> If you are a contractor and have a purchasing agent agreement with an exempt organization, check the box to make purchases for a specific job. Enter the exempt entity name and specific project: Exempt entity name _____ Project description _____			
Name of Purchaser I.S.D. 987			
Business Address 123 Main Street	City Anytown	State MN	ZIP code 55555
Purchaser's Tax ID Number 1234567		State of Issue Minnesota	
If no tax ID number, enter one of the following: FEIN, Driver's license number/State issued ID number, State of Issue, Number			
Name of seller from whom you are purchasing, leasing, or renting ABC School Supply Co.			
Seller's Address 987 University Ave.		City St. Paul	State MN ZIP code 55101

- One-time exemption on a purchase
- Seller's name and address

Exceptions to the Nonprofit Exemption

The exceptions to the general exemption include:

- Candy and soft drinks
- Lodging [Hotels and Other Lodging Establishments](#)
- Prepared food served off school premises
- Employee purchases
- Sales tax on most motor vehicles
- 9.2% Car Rental Tax and 5% Car Rental Fee [Motor Vehicles](#)
- Solid waste management taxes

Improvements to Real Property

- Construction contracts are not subject to sales tax
- Contractors must pay sales or use tax on the materials, unless there is a Purchasing Agent Agreement



Purchasing Agent Agreements

- Materials-Only Contract
- School takes title to all materials and supplies
- School has risk of loss
- School is responsible for all defective materials

[Contractors and Other Property Installers,](#)
[Rev Notice 95-05,](#) [Rev Notice 17-10,](#) [Rev Notice 04-04](#)

Sales Tax vs. Use Tax

Sales Tax

- Applies to retail **sales** in Minnesota unless an exemption exists
- Collected and remitted by the seller

Use Tax

- Applies to taxable **purchases** when all applicable taxes were not charged
- Self-assessed
- Paid directly to the state

Fundraising Scenarios for School Districts

Scenario 1 - Lost or Damaged Book

You charge students a fine for a lost book.

The fine is taxable.

True

False

Scenario 2 - Choir Concert

The high school choir holds a spring concert at the local civic center. The event is sponsored by the MSHSL and listed on their calendar.

The admission charge to the concert is exempt.

True

False

Scenario 3 - Oil Change by Automotive Repair Class

The automotive repair class at the high school provides oil change services to staff, students, and parents.

The charge for the oil change is taxable.

True

False

Scenario 4 - Rental of Facilities

The community is allowed access to the school during non-school hours to hold meetings and training events. The school charges rent for the classroom.

The rental charge is taxable.

True

False

Scenario 5 - Scholastic Book Fair

There are three elementary schools in the district. Each school runs a book fair through Scholastic. The first school has a total of \$10,000 in sales, the second school's total is \$5,000 and the third's total is \$7,000. All proceeds are deposited into the district account and proceeds are used to buy books for the schools.

The money raised at the Scholastic book fair is exempt.

True

False

Scenario 6 - Concession Stand

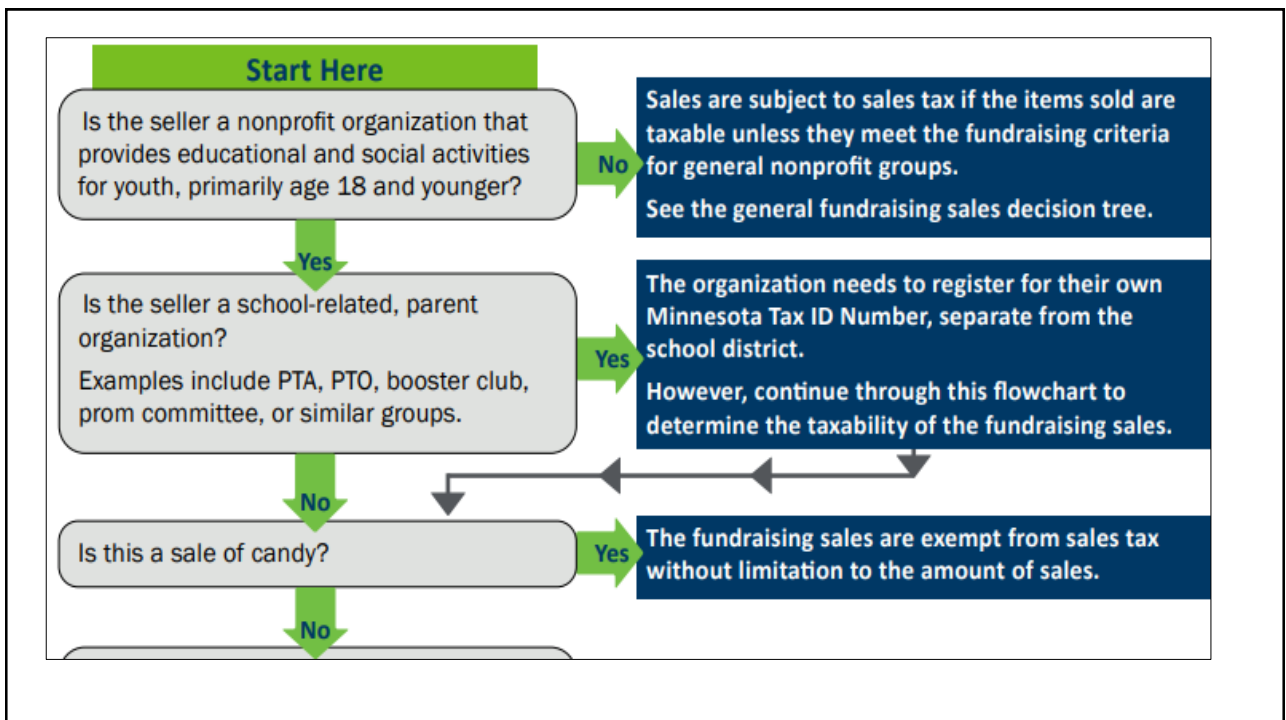
You have a concession stand located on school premises that is open during sporting events and other activities. It is available to all student organizations to work to earn fundraising dollars for their club or team. The money earned by each organization is deposited with the school district and is reserved for that organization to use for their activities.

Items sold at the concession stand include candy, gum, bottled water, milk, fruit, fruit juice, soda pop, pre-packaged ice cream novelties, pizza, hot dogs, popcorn, chips & cheese, ramen noodles, coffee, hot chocolate, hats, t-shirts, and sweatshirts.

Generally, all items sold at this concession stand qualify for the fundraising exemption.

True

False



No

Are the fundraising sales run through a school district and both of these statements are true?

- The sales are for elementary or secondary student organizations to fund extracurricular activities such as sports, arts, etc.
- The school district reserves the revenue raised for extracurricular activities and the money raised for a specific activity is spent on that activity.

No

Charge sales tax on the fundraising sales if the items sold are taxable.

Note: Consider selling exempt items such as candy and gum; clothing; prepared foods served on school premises; tickets or admissions to regular season games, events, and activities.

Yes

Yes

Do fundraising receipts for the youth organization total more than \$20,000 for the calendar year?

Treat each club, association, or organization separately when applying the \$20,000 test.

Yes

Do not charge sales tax on the first \$20,000 fundraising sales.

Charge sales tax on items sold in excess of the \$20,000 threshold if the items sold are taxable.

No

Do not charge sales tax on these fundraising sales.

This document is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this document supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices. Rev. January 2022

Scenario 6 - Concession Stand (continued)

You have a concession stand located on school premises that is open during sporting events and other activities. It is available to all student organizations to work to earn fundraising dollars for their club or team. The money earned by each organization is deposited with the school district and is reserved for that organization to use for their activities.

Items sold at the concession stand include candy, gum, bottled water, milk, fruit, fruit juice, soda pop, pre-packaged ice cream novelties, pizza, hot dogs, popcorn, chips & cheese, ramen noodles, coffee, hot chocolate, hats, t-shirts, and sweatshirts.

Generally, all items sold at this concession stand qualify for the fundraising exemption.

True
False

Prepared food not served
on school premises

With sweeteners
Less than 50% juice
Canned or bottled

Taxable Receipts – Sales Tax Included in Sales Price

Subtract the tax from the receipts to determine taxable amount

Vending machine receipts = \$1,500

Taxable products sold = \$1,000

Local area rate – 7.875% (General 6.875% + County Transit 0.5%, City 0.5%)

$\$1,000 / 1.07875 = \927.00 taxable sales

$\$927.00 \times .07875 = \73.00 sales tax collected

[Subtracting Sales Tax from Receipts](#)



Resources

Are you looking for additional resources?



Visit our website at revenue.state.mn.us

Filing a Sales and Use Tax Return: [Filing Information](#)

Sales and Use Tax Contact Information

- Sales taxability questions

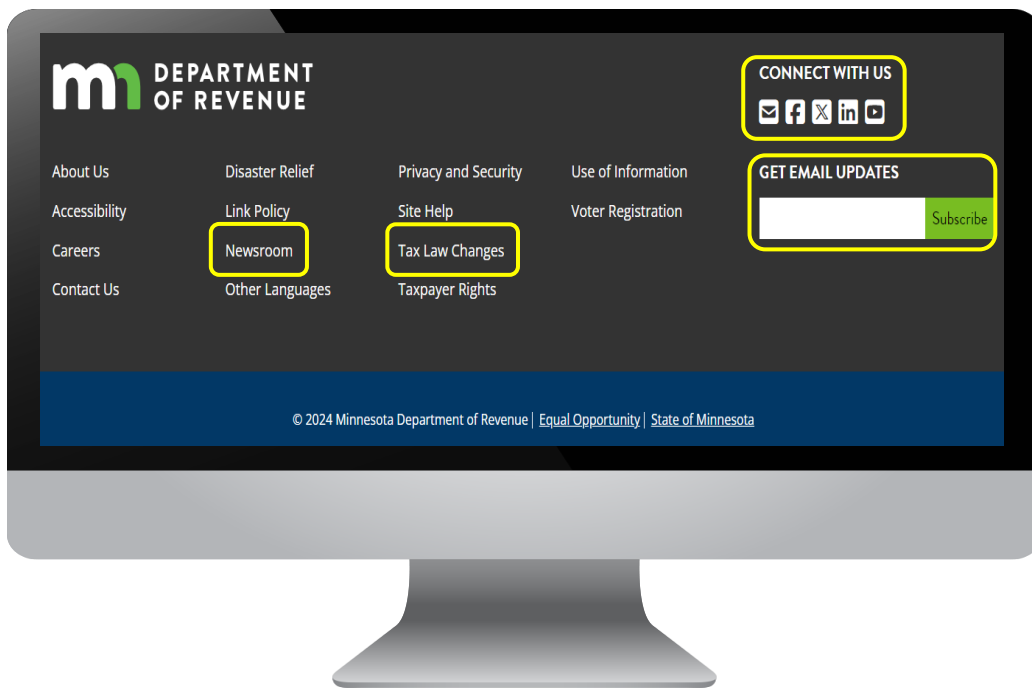
Email: salesuse.tech@state.mn.us

- Sales and Use Tax account questions

Email: salesuse.tax@state.mn.us

- Telephone assistance

Phone: 651-296-6181 or 1-800-657-3777 (toll free)



Email Updates with GovDelivery

SUBSCRIBE TO EMAIL UPDATES



Get the latest tax updates

- Choose the updates you want, by tax and publication type
- Choose notification frequency
- Sign in directly or use the Facebook or Google links



Review of Course Objectives

During this class, we explained ...

- When fundraising sales are taxable and when they are not
- When ticket sales and admissions to school games, events, and activities are taxable
- Which sales made to students are taxable
- How sales and use tax applies to purchases made by public schools and school districts
- What resources are available to help answer future questions and keep you informed

Thank you!

Permission of the Minnesota Department of Revenue must be secured before exhibiting, reproducing, distributing or making any other use of any part of this presentation.

Produced by the Minnesota Department of Revenue 600 North Robert Street, St. Paul, Minnesota 55146-6000

©Copyright 2025, Minnesota Department of Revenue, All Rights Reserved

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us

Scenario 1 - Lost or Damaged Book answer

You charge students a fine for a lost book.

The fine is taxable.

True

False

The correct answer is **False**. If a school charges a student a fine for a lost book, the charge is exempt. This charge is a penalty for not returning the item. The student did not intend to purchase the book, and the school did not intend to sell it.

Keep in mind that if the school charges a student a fine for a damaged book, it *may* be taxable. If the student receives, or is entitled to receive, the damaged property, the charge is taxable. If the student is not entitled to receive the damaged item, the charge is treated as a penalty for damaging the item and is exempt. These same rules apply to other items the school provides to students for use during the school year, for example, padlocks.

Scenario 2 - Choir Concert answer

The high school choir holds a spring concert at the local civic center. The event is sponsored by the MSHSL and listed on their calendar.

The admission charge to the concert is exempt.

True

False

The correct answer is **True**. Admission to any game, event, or activity sponsored by the Minnesota State High School League, MSHSL, is exempt from sales tax. This includes regular season games, tournament games, post-season games, and school sponsored events and activities such as concerts, plays, and dances. This is true whether or not they are held on the school premises.

Keep in mind that if your school is not a member of the MSHSL, tickets or admissions to regular season school games, events and activities are exempt but admissions to tournaments, post-season games and other non-regular season games, events, and activities are taxable.

Scenario 3 - Oil Change by Automotive Repair Class answer

The automotive repair class at the high school provides oil change services to staff, students, and parents.

The charge for the oil change is taxable.

True

False

The correct answer is **True**. Retail sales of oil and filters are taxable. The labor to change oil in a vehicle is exempt if separately stated on the customer's invoice. So, if there is one charge for labor, oil, and oil filter, the entire amount is taxable. The school may purchase the oil, and filters exempt from tax using a form ST3, Certificate of Exemption using the resale exemption.

Scenario 4 - Rental of Facilities answer

The community is allowed access to the school during non-school hours to hold meetings and training events. The school charges rent for the classroom.

The rental charge is taxable.

True

False

The correct answer is **False**. Since a school is not considered a “recreational area”, in general, the room rentals are not subject to tax. This would apply to classrooms, conference rooms, library, cafeteria, music rooms, and theater.

If the school rents projectors, easels, or other equipment to be used during the event, the rental charge for the equipment is taxable.

Room rental is exempt unless it includes or requires the purchase of admission to an amusement, recreation, or athletic event.

Keep in mind that if the school rents a recreational area or athletic facility, the charge is taxable. This would include the gymnasium, playground, pool, weight room, stadium, or athletic fields. See Schools – Sales and Purchases and the Admissions and Amusement Devices publications for lists of taxable athletic facilities and recreational areas.

Scenario 5 - Scholastic Book Fair answer

There are three elementary schools in the district. Each school runs a book fair through Scholastic. The first school has a total of \$10,000 in sales, the second school’s total is \$5,000 and the third’s total is \$7,000. All proceeds are deposited into the district account and proceeds are used to buy books for the schools.

The money raised at the Scholastic book fair is exempt.

True

False

The correct answer is **True**. In this scenario, each school is treated separately when applying the \$20,000 test. Therefore, none of the sales in this scenario would be taxable.

You need to consider any other fundraisers run by the school. You would include funds from those fundraisers when applying the \$20,000 test.

Keep in mind that the \$20,000 per year does not include any applicable state and local taxes. If you include sales tax in the price, you should back the tax out of your sales and then check if it is above or below the \$20,000.

Scenario 6 - Concession Stand answer

You have a concession stand located on school premises that is open during sporting events and other activities. It is available to all student organizations to work to earn fundraising dollars for their club or team. The money earned by each organization is deposited with the school district and is reserved for that organization to use for their activities.

Items sold at the concession stand include candy, gum, bottled water, milk, fruit, fruit juice, soda pop, pre-packaged ice cream novelties, pizza, hot dogs, popcorn, chips & cheese, ramen noodles, coffee, hot chocolate, hats, t-shirts, and sweatshirts.

Generally, all items sold at this concession stand qualify for the fundraising exemption.

True

False

Scenario 6 - Concession Stand answer (continued)

The Correct answer is **True**. The concession stand is not open regular hours, so it is not a business like a bookstore, gift shop, or vending machine. The information that we are given in this scenario meets the requirements to qualify as a fundraising event. Let's follow the Youth Fundraising flowchart:

- First - Student organizations are running the concession stand, so the seller is a nonprofit organization that provides educational and social activities for youth
- Next - The seller is not a school-related parent organization
- Next - There is candy being sold. The candy is exempt from sales tax. But there are also other items on the list, so we continue down the flowchart.
- The funds are run through the school district and are reserved for each organization that is running the concession stand, so we continue down the flowchart.

We do not know how much fundraising proceeds each organization has earned so far during this year. Remember, the year can be a calendar year or a fiscal year, but you must be consistent.

If they have not earned \$20,000 yet, they do not need to charge sales tax on any of the sales.

Scenario 6 - Concession Stand answer (continued)

If they have raised \$20,000 already, they need to charge sales tax on the taxable items sold after they hit the \$20,000 threshold. Keep in mind that many of the items sold at a concession stand may be exempt for some other reason. For example:

- We already know that there is an exemption for candy and gum sold by a youth organization.
- Food items such as unsweetened bottled water, milk, fruit, and fruit juice that contains at least 50% juice, popsicles, and prepackaged ice cream novelties are exempt by statute as food.
- Prepared food such as pizza, hot dogs, popcorn, chips & cheese, heated ramen noodles, fountain soda, coffee, and hot chocolate are exempt **IF** the concession stand is located on school premises. If the concession stand is located at a facility owned by the city or other entity rather than the school district, sales of prepared food would be taxable since they were not sold on "school premises".
- Clothing for general use, such as hats, t-shirts, and sweatshirts are also exempt by statute.

In this example, if they have exceeded the \$20,000 per year limit, the only taxable items that do not meet the criteria for another exemption would include bottled water with sweeteners; fruit juice containing less than 50% juice; and canned or bottled soda pop.

In addition, if the organization is over the \$20,000 limit and the concession stand is not on school property, all prepared food would also be taxable.