

Great News from the MN State Legislature!



Minnesota's county fairs were winners in this year's legislative session. MFCF Lobbyists AJ Duerr and Cory Bennett worked very hard on your behalf, and the results were great!

WE DID IT! - FAIR TIME SALES TAX EXEMPTION

After many years of trying, the 2019 tax bill includes a sales tax exemption for agricultural societies for sales that take place during the fair.

When does this take effect?

The tax bill takes effect on July 1, 2019. So, for fairs held in June, the exemption will begin for your 2020 fair.

What does the sales tax exemption apply to?

Sales of items purchased from the ag society are exempt from sales tax during the fair.

Examples of what IS exempt from sales tax:

- Revenues received directly by the ag society:
 - Fair-time beer sales for beer gardens operated by the fair board
 - On-site parking
 - Grandstand ticket sales
 - On-site, off-site or online revenues for fair events sold during the fair

Examples of what IS NOT exempt from sales tax:

- On-site parking, if the revenues go directly to a community group
- On-site, off-site or online sale of tickets (grandstand, carnival, gate) made prior to the fair
- Beer sales, if the beer garden is operated by a community organization (fire department, veterans' group, etc.)
- Non-fair event sales – ticket sales, parking, and other sales made for ANY event that doesn't take place during the fair

What happens to the money that is saved?

The Legislation requires that the sales tax amount is still calculated. However, instead of submitting the funds to the MN Department of Revenue, the ag society must use the money for grounds improvements. Please see the next page for additional details....

Here's the language:

Subd. 21. County agricultural society sales at county fairs. Sales by a county agricultural society during a regularly scheduled county fair are exempt. For purposes of this subdivision, sales include admissions to and parking at the county fairgrounds, admissions to separately ticketed events run by the county agricultural society, and concessions and other sales made by employees or volunteers of the county agricultural society on the county fairgrounds. This exemption does not apply to sales or events by a county agricultural society held at a time other than at the time of the regularly scheduled county fair, or events not held on the county fairgrounds.

FAIR TIME SALES TAX EXEMPTION - continued

While the legislation exempts agricultural societies from paying sales tax on **certain sales**, the amount of the tax must still be calculated. That amount must be used to maintain, improve, or expand “society-owned buildings and facilities on the fairgrounds.” If the society does NOT own its grounds, the money must be transferred to the owner of the fairgrounds and used for that purpose.

Not all grounds are owned by ag societies, so this language will require each fair to apply the language appropriately. Have questions? Your MFCF Director is here to assist you!

Subd. 4. Use of a portion of county fair revenues. A county agricultural society must annually determine the amount of sales tax savings attributable to section 297A.70, subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the amount equal to the sales tax savings to maintain, improve, or expand society owned buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the owner of the fairgrounds. An owner that receives a transfer of money under this subdivision must use the transferred amount to maintain, improve, and expand entity owned buildings and facilities on the county fairgrounds.

LEGACY GRANTS – INCREASED!

Legacy funds were increased from \$150,000 per year to \$400,000 per year!

This will result in your legacy grants being INCREASED by over two times for your 2020 county fair!

AGRI GRANTS – RENEWED!

The funding for the Agri Grant Program was renewed at the existing funding levels.

OTHER NOTABLE ITEMS

The MFCF was in support of a loan forgiveness program for large animal veterinarians who work in rural areas. The program was initiated two years ago and was renewed during this session for the next biennium.

The MFCF lobbyists worked with lobbyists from the MN State Fair and MN resort owners to support legislation that keeps school starting after Labor Day.

MFCF lobbyists monitored proposed legislation that would make liability waivers meaningless. With grandstand events, rodeos, and other similar events being part of fairs and other on-grounds activities, this would drastically increase the liability for MFCF members. The legislation did not move forward, but the issue will be monitored during future legislative sessions.

Be grateful. Be diligent. Be responsible.

We are so grateful for the support that fairs receive through the various sources identified in these bills. Fairs can show their appreciation in several ways:

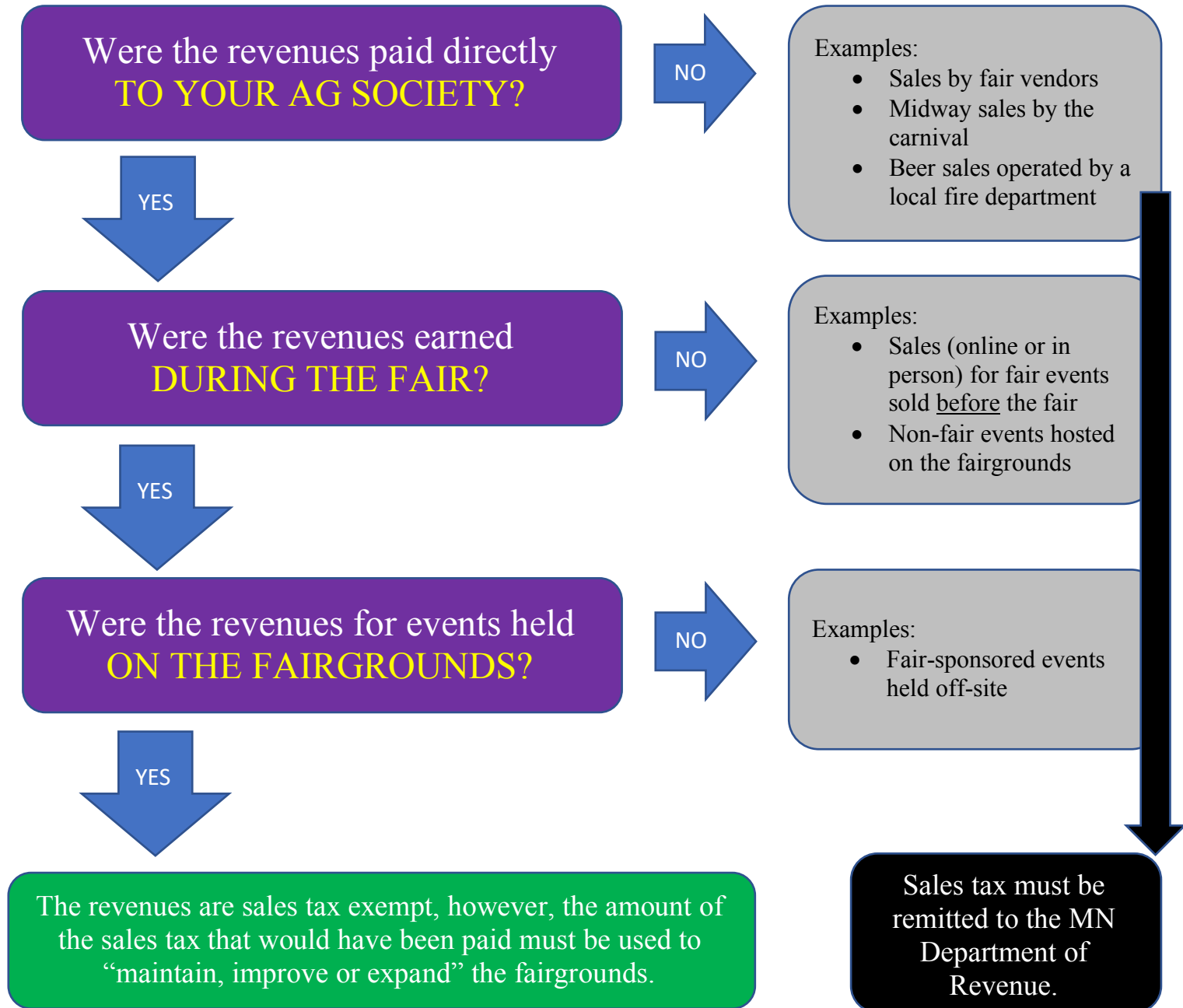
- Contact your legislators and say **THANK YOU!** Consider inviting them to your fair and show them the projects and events you were able to fund with the legacy and agri grants.
- Complete your grant applications and close-out reports on-time and completely.
- Follow the rules. There are many other groups who would like to see this funding eliminated. They will watch for situations where the rules are not followed. Don't be a reason to call fairs into question.

SALES TAX EXEMPTION FLOW CHART

Your fair is not exempt from ALL sales tax. Three criteria must be met in order for the revenues to be exempt from sales tax.

You must be able to answer YES to three questions...

- Who: The revenues must be received by your AG SOCIETY.
When: The revenues must be received DURING YOUR FAIR.
Where: The revenues must be received for events held on your FAIRGROUNDS.



Still have questions? Please contact your MFCF Director! We know there will be situations that don't fit this flow chart. We are here to assist you, and we will send more detailed updates with frequently asked questions.

Please note: Ag societies are not exempt from paying sales tax on items they purchase. This exemption ONLY applies to specific revenues received by the agricultural society.