

## Minnesota Sales Tax and our Sewing Purchases Update-January 2019

Brenda Oseland

It has been about 18 months since I first wrote about my issues with fabric and notion purchases (for clothing), sales tax and Minnesota retailers. Sadly, I must report that in my experience, not much progress has been made.

For those new to this issue, Minnesota is one of 5 states which exempts clothing from sales tax. Likewise, the items used in the sewing of clothing are not taxable. At least they SHOULDN'T be.

My initial scuffle was with the Walmart in Stillwater. They suggested I go to the customer service area to pay for my fabric purchases since the cashiers had no method to void sales tax. The customer service department devised some sort of internal method of deleting the sales tax, but it still was at least a 20-minute ordeal. My Walmart fabric purchases have stopped, as the fabric department there has dwindled considerably.

Hobby Lobby has no problem waiving the sales tax for clothing related sewing purchases. I asked the manager about this, and he said that their advance set-up team worked with their software people to make sure there was an easy manner to do this. They did their research before they opened stores in Minnesota.

I have problems with Joann's. There have been endless hassles with them. I emailed their CEO, Jill Soltau. As a result, I was shocked to receive a phone call from Ed Weinstein, the VP of Tax and Public Affairs for Joann's. I told him that I am a member of the American Sewing Guild, and that most of our members are customers in their stores. We spoke for over 20 minutes. He said that they do not have the capability to waive sales tax in Minnesota, that to do so would open them up to audit from our revenue department. I told him that they were in violation of Minnesota state statutes by NOT having a system in place to waive sales tax on clothing related items. His main concern seemed to be that they thought that customers might lie, stating that the fabric, thread, zippers, buttons, etc. were intended to be used in clothing, when they might not be used in that way. It was an extremely frustrating conversation. In the end, I told him that I was contemplating a class action lawsuit. I believe he was unhappy with that statement. I have not heard from Mr. Weinstein again. Curiously, a few days after our conversation, I noticed that several people from Ohio liked and began to follow our chapter ASG Facebook page.

Today, I purchased fabric at the Joann's in Woodbury. I informed the cashier that it was for clothing, and once again, the cashier said she had no training to NOT charge sales tax. Her manager, Barb, said that they needed to charge sales tax unless I had a business exemption on file with them. I pulled out my information from the Minnesota Department of Revenue (link on the Resources tab of our website [www.asg-mpls-stpaul.org](http://www.asg-mpls-stpaul.org) ).

I felt sorry for the cashier, as a line began to pile up. Miraculously, she was able to delete the sales tax with no help from anyone and I went on my way.

I urge you all to pay attention to your receipts for your clothing related fabric purchases. Fabric for clothing is not limited to what the retailer determines is "apparel fabric". Who has not used a quilting cotton for a little one's dress, or polar fleece to make a jacket, hat or mittens? Yet retailers often classify them as household fabrics, used for quilts and blankets, thus taxable. My contact at the Minnesota Department of Revenue told me that this is one instance where the customer "calls the shots". If you read the letter she provided, she gives wide latitude to the consumer. A fabric shop manager told me that yarn used to be taxed, but the Knitter's Guild put up a fight, saying that yarn is used for clothing such as sweaters, hats, mittens and scarves and as such, yarn is no longer taxed.

I pay sales tax on fabrics that I intend to use as pillow covers, drapes and all manner of non-clothing related items. However, I **WON'T** pay sales tax for clothing related purchases. I ask you to do the same. It's the law, and it's been ignored by many retailers for too long.