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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 296

01/22/2015 Authored by Knoblach, Theis, O'Driscoll, Howe, Pugh and others

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

02/05/2015 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to lawful gambling; providing a separate rate of tax for paper pull tabs
1.3 sold at bingo halls; exempting paper pull tabs sold at bingo halls from the
1.4 combined net receipts tax; subjecting electronic linked bingo to the gross receipts
1.5 tax; amending Minnesota Statutes 2014, sections 297E.02, subdivisions 1, 6;
1.6 349.12, by adding a subdivision.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2014, section 297E.02, subdivision 1, is amended to read:

1.9 Subdivision 1. **Imposition.** (a) A tax is imposed on all lawful gambling other than
1.10 (1) paper or electronic pull-tab deals or games; (2) tipboard deals or games; and (3)
1.11 ~~electronic linked bingo; and~~ (4) items listed in section 297E.01, subdivision 8, clauses
1.12 (4) and (5), at the rate of 8.5 percent on the gross receipts as defined in section 297E.01,
1.13 subdivision 8, less prizes actually paid.

1.14 (b) A tax is imposed on the conduct of paper pull-tabs, at the rate of 1.7 percent of
1.15 the ideal gross of the pull-tab deal. However, the tax imposed under this paragraph applies
1.16 only to a bingo hall as defined in section 349.12, subdivision 4a.

1.17 (c) The tax imposed by this subdivision is in lieu of the tax imposed by section
1.18 297A.62 and all local taxes and license fees except a fee authorized under section 349.16,
1.19 subdivision 8, or a tax authorized under subdivision 5.

1.20 (d) The tax imposed under this subdivision is payable by the organization or party
1.21 conducting, directly or indirectly, the gambling.

1.22 Sec. 2. Minnesota Statutes 2014, section 297E.02, subdivision 6, is amended to read:

1.23 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under
1.24 subdivision 1, a tax is imposed on the combined receipts of the organization. As used

in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	nine percent
Over \$87,500, but not over \$122,500	\$7,875 plus 18 percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$14,175 plus 27 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$23,625 plus 36 percent of the amount over \$157,500

(b) On or before April 1, 2016, the commissioner shall estimate the total amount of revenue, including interest and penalties, that will be collected for fiscal year 2016 from taxes imposed under this chapter. If the amount estimated by the commissioner equals or exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates under this section apply, the combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	8.5 percent
Over \$87,500, but not over \$122,500	\$7,438 plus 17 percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$13,388 plus 25.5 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$22,313 plus 34 percent of the amount over \$157,500

(c) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

(d) A bingo hall as defined in section 349.12, subdivision 4a, is exempt from taxation under this subdivision with respect to receipts from paper pull-tabs.

3.1 Sec. 3. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision
3.2 to read:

3.3 Subd. 4a. **Bingo hall.** "Bingo hall" means a premises where the primary business is
3.4 bingo conducted by a nonprofit organization licensed by the board.