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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 81

01/17/2019 Authored by Lueck, Dettmer, Backer, Poston and Lillie
The bill was read for the first time and referred to the Committee on Commerce

1.1 A bill for an act
1.2 relating to taxation; lawful gambling; reducing rates for the flat rate tax and the
1.3 combined net receipts tax; amending Minnesota Statutes 2018, section 297E.02,
1.4 subdivisions 1, 6.

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

1.6 Section 1. Minnesota Statutes 2018, section 297E.02, subdivision 1, is amended to read:

1.7 Subdivision 1. Imposition. A tax is imposed on all lawful gambling other than (1) paper
1.8 or electronic pull-tab deals or games; (2) tipboard deals or games; (3) electronic linked
1.9 bingo; and (4) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate
1.10 of ~~8.5~~ 4.25 percent on the gross receipts as defined in section 297E.01, subdivision 8, less
1.11 prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by
1.12 section 297A.62 and all local taxes and license fees except a fee authorized under section
1.13 349.16, subdivision 8, or a tax authorized under subdivision 5.

1.14 The tax imposed under this subdivision is payable by the organization or party conducting,
1.15 directly or indirectly, the gambling.

1.16 EFFECTIVE DATE. This section is effective July 1, 2019.

1.17 Sec. 2. Minnesota Statutes 2018, section 297E.02, subdivision 6, is amended to read:

1.18 Subd. 6. Combined net receipts tax. (a) In addition to the taxes imposed under
1.19 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used
1.20 in this section, "combined net receipts" is the sum of the organization's gross receipts from
1.21 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,
1.22 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes

2.1 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for
 2.2 the fiscal year. The combined net receipts of an organization for the fiscal year are subject
 2.3 to a tax computed according to the following schedule of rates:

2.4	If the combined net receipts	The tax is:
2.5	for the fiscal year are:	
2.6	Not over \$87,500	nine percent
2.7	Over \$87,500, but not over	\$7,875 plus 18 percent of the amount
2.8	\$122,500	over \$87,500, but not over \$122,500
2.9	Over \$122,500, but not	\$14,175 plus 27 percent of the amount
2.10	over \$157,500	over \$122,500, but not over \$157,500
2.11	Over \$157,500	\$23,625 plus 36 percent of the amount
2.12		over \$157,500

2.13 (1) on the first \$200,000, 4.5 percent;

2.14 (2) on all over \$200,000, but not over \$500,000, 9 percent; and

2.15 (3) on all over \$500,000, 13.5 percent.

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

2.24	If the combined net receipts	The tax is:
2.25	for the fiscal year are:	
2.26	Not over \$87,500	8.5 percent
2.27	Over \$87,500, but not over	\$7,438 plus 17 percent of the amount
2.28	\$122,500	over \$87,500, but not over \$122,500
2.29	Over \$122,500, but not	\$13,388 plus 25.5 percent of the
2.30	over \$157,500	amount over \$122,500, but not over
2.31		\$157,500
2.32	Over \$157,500	\$22,313 plus 34 percent of the amount
2.33		over \$157,500

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

3.1 **EFFECTIVE DATE.** This section is effective July 1, 2019.