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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 1185**

02/23/2015 Authored by Atkins, Newton and Lillie

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

03/09/2015 Adoption of Report: Re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; reducing tax rates for lawful gambling; amending Minnesota  
1.3 Statutes 2014, section 297E.02, subdivisions 1, 6.

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

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

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

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

1.15 **EFFECTIVE DATE.** This section is effective July 1, 2015.

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

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

2.1 paddlewheels, for the fiscal year. The combined net receipts of an organization are subject  
 2.2 to a tax computed according to the following schedule:

2.3	If the combined net	The tax is:
2.4	receipts for the fiscal year	
2.5	are:	
2.6	Not over \$87,500	<del>nine</del> <u>four and one-half</u> percent
2.7	Over \$87,500, but not over	<del>\$7,875</del> <u>\$3,937.50</u> plus <del>18</del> <u>9</u> percent
2.8	\$122,500	of the amount over \$87,500, but not
2.9		over \$122,500
2.10	Over \$122,500, but not	<del>\$14,175</del> <u>\$7,087.50</u> plus <del>27</del> <u>13.5</u>
2.11	over \$157,500	percent of the amount over \$122,500,
2.12		but not over \$157,500
2.13	Over \$157,500	<del>\$23,625</del> <u>\$11,812.50</u> plus <del>36</del> <u>18</u>
2.14		percent of the amount over \$157,500

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

2.23	If the combined net	The tax is:
2.24	receipts for the fiscal year	
2.25	are:	
2.26	Not over \$87,500	<del>8.5</del> <u>4.25</u> percent
2.27	Over \$87,500, but not over	<del>\$7,438</del> <u>\$3,719</u> plus <del>17</del> <u>8.5</u> percent
2.28	\$122,500	of the amount over \$87,500, but not
2.29		over \$122,500
2.30	Over \$122,500, but not	<del>\$13,388</del> <u>\$6,694</u> plus <del>25.5</del> <u>12.75</u>
2.31	over \$157,500	percent of the amount over \$122,500,
2.32		but not over \$157,500
2.33	Over \$157,500	<del>\$22,313</del> <u>\$11,156.50</u> plus <del>34</del> <u>17</u>
2.34		percent of the amount over \$157,500

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

2.39 **EFFECTIVE DATE.** This section is effective July 1, 2015.