

November 24, 2009

Governor Tim Pawlenty

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Legislative Coordinating Commission

Mr. Greg Hubinger, Director  
Legislative Coordinating Commission

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Revisor of Statutes

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Senator Julianne E. Ortman, Ranking Republican  
Senate Committee on Taxes

Senator Richard Cohen, Chair  
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Senate Finance Committee

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Representative Laura Brod, Lead-GOP  
House Tax Committee

Representative Loren Solberg, Chair  
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Representative Phyllis Kahn, Chair  
Representative Joyce Peppin, Lead-GOP  
State Government Finance Div.—House Finance  
Committee

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DEC 1 2009  
REVISOR OF STATUTES

**Re: Annual Report on Obsolete, Unnecessary, or Duplicative Rules, as Required by  
Minnesota Statutes, Section 14.05, Subdivision 5**

Dear Governor Pawlenty, et al:

*Minnesota Statutes*, section 14.05, subdivision 5, states, in part: “By December 1 of each year, an agency must submit . . . a list of any rules or portions of rules that are obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules. By December 1, the agency must either report a timetable for repeal of the rule or portion of the rule, or must develop a bill for submission to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule. Such a bill must include proposed authorization to use the expedited procedures of section 14.389 to repeal or amend the obsolete, unnecessary, or duplicative rule. A report submitted under this subdivision must be signed by the person in the agency who is responsible for identifying and initiating repeal of obsolete rules. The report also must identify the status of any rules identified in the prior year’s report as obsolete, unnecessary, or duplicative. If none of an agency’s rules are obsolete, unnecessary, or duplicative, an agency’s December 1 report must state that conclusion. ”

The rules of the Minnesota Department of Revenue fall within Chapters 8001 through 8175 of the *Minnesota Rules*. In addition, the Department of Revenue is responsible for Chapter 1950, the Minnesota State Board of Assessors’ rules. The Department continues with an ongoing process to review all of its rules, to repeal obsolete and duplicative provisions, clarify current language and to recommend clean-up language.

✓ **Corporate Franchise Taxes:**

We stated in this report for the last three years that the Department has concluded that Part 8017.6000, which is obsolete because it was promulgated under statutory language that has been repealed, should be repealed. The Department continues to consider how best to accomplish this.

✓ **Income Taxes:**

We stated in last year's report that the Department had concluded that Part 8009.3000 was partially obsolete, and that most of the remainder of the rule was unnecessary or duplicative of statutory provisions. These rule was repealed legislatively during the 2009 legislative session.

**Withholding Taxes:**

The Department of Revenue has reviewed the Withholding Tax Rules and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

✓ **Sales & Use Taxes:**

We stated in last year's report that Part 8130.8900 is in part obsolete, and in part unnecessary or duplicative of statute. The Department of Revenue continues to consider the best course of either repealing or amending this part or subparts. The Department of Revenue has reviewed other Sales Tax Rules and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

**Property Equalization, Ad Valorem Taxes, Utilities:**

The Department of Revenue has reviewed Chapter 8100 and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions.

**Ad Valorem Tax, Valuation and Assessment of Railroads:**

The Department of Revenue has reviewed Chapter 8106 and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions.

**Certificate of Real Estate Value:**

The Department of Revenue reviewed Chapter 8110 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

✓ **Local Government Levy Limitations:**

We stated in last year's report that while Chapter 8115 is marked in Minnesota Rules as obsolete, the Department of Revenue would propose that this chapter be repealed during the 2009 legislative session to avoid possible confusion and attempts to apply the old rules to the newer levy limits legislation. This chapter was repealed legislatively during the 2009 legislative session.

**Cigarette and Tobacco Product Taxes:**

The Department of Revenue reviewed Chapter 8120 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

**Metropolitan Solid Waste Landfill Fee:**

The Department of Revenue reviewed Chapter 8121 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

**Lawful Gambling Tax:**

The Department of Revenue reviewed Chapter 8122 and found that in light of 2009 legislative amendments to Minn. Stat. section 297E.06, Minnesota Rule 8122.0600 is obsolete and should be repealed. As other rules in this chapter are affected as well, the Department is considering how best to accomplish this. No other rules in this chapter are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

**Petroleum Tax:**

The Department of Revenue reviewed Chapter 8125 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

**Minnesota State Board of Assessors:**

As stated above, the Department of Revenue is responsible for Chapter 1950, the Minnesota State Board of Assessors' rules. The Department of Revenue reviewed Chapter 1950 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

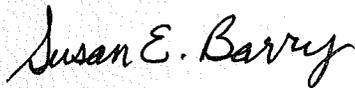
**Tax Administration and Miscellaneous Provisions:**

The Department of Revenue reviewed Chapters 8160, 8165, 8170, and 8175, and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

**Continuing process.**

At this time, we have identified no other specific Department of Revenue rules that are obsolete, unnecessary, or duplicative, such that they should be repealed. We will, however, continue our process of continually reviewing and updating current rules. If you have any questions regarding this report, please feel free to contact me.

Sincerely,



Susan E. Barry  
Supervising Attorney/Rules Coordinator  
Appeals & Legal Services Division  
(651) 556-4062

cc: Terese Mitchell, Director, Appeals & Legal Services, Department of Revenue  
Linda Moser, Legislative Liaison, Department of Revenue  
Beth Kadoun, Assistant Commissioner, Tax Policy & External Affairs  
Julian Plamann, Governor's Office  
Brian Steinhoff, Governor's Office  
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