MINNESOTA · REVENUE

November 17, 2010

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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 The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules.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.

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Corporate Franchise Taxes:
We stated in this report for the last four years that the Department has concluded that Part 8017.6000, which is obsolete because it was promulgated under statutory language that has been repealed, should be repealed.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 is considering how best to accomplish this. The Department of Revenue has reviewed the remaining Corporate Franchise Tax Rules and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

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and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

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 this report for the last two years 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, or proposing legislation. 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 that Part 8100.0800 [Phase-in] is obsolete and unnecessary. This provision governs certain computations made for assessment years 2007, 2008, and 2009. Since the assessment years to which the rule applies have passed, this phase-in provision is no longer needed and can be repealed. Given current litigation over years to which the phase-in applies, the Department must consider when and how that repeal will best occur. The Department finds no other rules in this chapter 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.

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 no rules that were obsolete, unnecessary, or duplicative of statutory provisions. Last year, the department pointed out that Part 8122.0600 is obsolete and should be repealed. That repealer was accomplished during the 2010 legislative session.

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 has identified rules in this chapter that are obsolete, unnecessary, or duplicative, and are in the process of repealing them as part of a current rulemaking project. Those rules are Part 1950.1090, subpart 4, item E, [a sunset and transition provision that is no longer needed]; Part 1950.1080, subpart 3a, [obsolete because the Board of Assessors no longer administers examinations]; and Part 1950.1080, subpart 6, [its ethics requirement is now in Minnesota Statutes, section 273.0755 (c)].

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

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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
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