MINNESOTA · REVENUE

RECEIVED
DEC 02 2013
REVISOR OF STATUTES

November 25, 2013

Governor Mark Dayton

Michele Timmons
Revisor of Statutes

Representative Paul Thissen, Chair
Legislative Coordinating Commission

Greg Hubinger, Director
Legislative Coordinating Commission

Senator Rod Skoe, Chair
Senator Julianne E. Ortman, Ranking Minority Member
Senate Tax Committee

Representative Ann Lenczewski, Chair
Representative Greg Davids, Republican Lead
House Tax Committee

Senator Richard Cohen, Chair
Senator Michelle L. Fischbach, Ranking Minority Member
Senate Finance Committee

Representative Jim Davnie, Chair
Representative Paul Torkelson, Republican Lead
House Property and Local Tax Division

Senator Sandra L. Pappas, Chair
Senator Dan D. Hall, Ranking Minority Member
Senate State and Local Government Committee

Representative Mary Murphy, Chair
Representative Bob Dettmer, Republican Lead
House State Government Finance and Veterans Affairs Committee

Senator Tom Saxhaug, Chair
Senator Roger C. Chamberlain, Ranking Minority Member
Senate State Departments and Veterans Division

Representative Lyndon Carlson Sr., Chair
Representative Mary Liz Holberg, Republican Lead
House Ways & Means Committee

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

Dear Governor Dayton, Senators, Representatives, Revisor Timmons, Director Hubinger:

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 The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules.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

Appeals and Legal Services Division
Mail Station 2220
600 North Robert Street
Saint Paul, Minnesota 55146-2220

Tel: (651) 296-1022
Fax: (651) 296-8229
Minnesota Relay (TTY) 711
An equal opportunity employer

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 seven years that the Department has concluded that Minn. Rule 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. Minn. Rule 8007.0200 should also be repealed. Determinations of Minnesota taxable income are based on federal taxable income, which dictates and governs accounting methods and makes the rule obsolete and unnecessary. The Department has reviewed the remainder of the Corporate Franchise Tax Rules and finds no other rules in these chapters that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Income Taxes:
The Department of Revenue has reviewed Chapter 8002 and found as follows. Part 8002.0200, subpart 4, should be repealed as duplicative. Subpart 4 provides an exclusion from gross income of income earned by nonresidents for military service performed in Minnesota. Since this income is exempt under Minn. Stat. § 290.01, subd. 19b (14), and by operation of federal law under 50 U.S.C. App. § 571 (e), this rule is duplicative. Part 8002.0200, subpart 8, is in part obsolete and in part duplicative of statutory provisions due to numerous changes to the laws regarding net operating losses, such that it should be repealed. The Department has reviewed the remainder of the Income Tax Rules and finds no other rules in this chapter 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 in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Sales & Use Taxes:
The Department of Revenue has reviewed Chapter 8130 and found as follows. Part 8130.9500, regarding aircraft registration, should be repealed as obsolete because aircrafts are now registered by another state agency. The Department stated in this report for the last four years that Part 8130.8900 is in part obsolete, and in part unnecessary or duplicative of statute. The Department continues to consider the best course of either repealing or amending this part or subparts, or proposing legislation. The Department has reviewed the remainder of the Sales Tax Rules and finds no other rules in this chapter 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. The Department finds no other rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Ad Valorem Tax, Valuation and Assessment of Railroads:
The Department of Revenue has reviewed Chapter 8106 and finds no rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Certificate of Real Estate Value:
The Department of Revenue has reviewed Chapter 8110 and found no rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Cigarette and Tobacco Product Taxes:
The Department of Revenue reviewed Chapter 8120 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Metropolitan Solid Waste Landfill Fee:
The Department of Revenue reviewed Chapter 8121 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Lawful Gambling Tax:
The Department of Revenue reviewed Chapter 8122 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

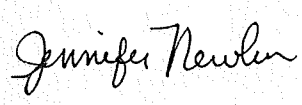
Petroleum Tax:
The Department of Revenue reviewed Chapter 8125 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

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 reviewed Chapter 1950 and found no rules in this chapter 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 in these chapters that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

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,



Jennifer Newlun
Rules Coordinator
Appeals and Legal Services Division
(651) 556-4077

cc: Terese Mitchell, Director, Appeals and Legal Services, Department of Revenue
Susan Von Mosch, Assistant Commissioner for Tax Policy, Department of Revenue
Paul Cumings, Legislative Liaison, Department of Revenue
Amy Hang, Policy Coordinator, Office of Governor Mark Dayton
Allison Jones, Policy Advisor, Office of Governor Mark Dayton
Legislative Reference Library