



ACM Legislative Update 4.23.10

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House Gambling Bill Action

On Thursday, February 11, 2010 the House Commerce and Labor Committee heard and passed **HF 2422**. *Current law allows payment of water, fuel for heating, electricity, and sewer costs for a structure wholly owned or leased by a fraternal or veteran's organization. This bill allows payments for a structure partially used for gambling, and partially for other purposes, at the discretion and with the approval of the Director of the Gambling Control Board.* **HF 2422** is authored by Representatives **Julie Bunn** of Lake Elmo, **Dave Olin** of Thief River Falls, **Steve Drazkowski** of Mazeppa, **Greg Davids** of Preston, **Matt Dean** of Dellwood, **Robin Brown** of Moscow Township, **Lyndon Carlson** of Crystal, and **Paul Torkelson** of Nelson Township. The bill was recommended to pass and was sent to the Minnesota House Of Representatives. **HF 2422** received its second reading on February 15, 2010 and was placed on the House General Register. **HF 2422** was placed on the House Calendar for the Day on March 23, 2010 where it

currently resides.

HF 2422 may be viewed at: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H2422.0.html&session=ls86>

On Tuesday, February 16, 2010 the House Commerce and Labor Committee heard and passed **HF 2818**. *This bill allows for temporary tax exemption created for lawful gambling organizations making a charitable contribution to local governments.* **HF 2422** is authored by Representatives **Al Doty** of Royalton, **John Ward** of Brainerd, and **Dave Olin** of Thief River Falls. The bill was recommended to pass and was re-referred to the House Taxes Committee.

HF 2818 may be viewed at: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H2818.0.html&session=ls86>

Senate Gambling Bill Action

On Wednesday, March 10, 2010 the Senate State and Local Government Operations and Oversight Committee heard and passed **SF 2476**. *This bill is the companion to **HF 2422** described above.* **SF 2676** is authored by Senator **Kathy Saltzman** of Woodbury. The bill was recommended to pass and was sent to the

Minnesota Senate and received its second reading on Thursday, March 11, 2010 and was placed on the Senate General Register where it currently resides.

SF 2476 may be viewed at: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S2476.0.html&session=ls86>

Non-Profit Community Service Organizations Deadline

Just a reminder that the application deadline is May 1, 2010 for taxes payable in 2011 for qualifying organizations interested in the property tax classification shift that passed the Minnesota Legislature in 2008 (**Chapter 154 - HF 3201 the 2008 Omnibus Tax Bill**). In order to qualify for the classification rate 4c(3)(ii), an organization must make annual charitable contributions or donations in an amount that is at least equal to the

previous year's property taxes (excluding state general taxes). The property must also be made available for public and community meetings or events at no charge. **A copy of the Application for Class 4c(3)(ii) - Non-Profit Community Service Organizations/Instructions which is due May 1 is enclosed.** An overview of the provision passed in 2008 along with the actual language from **HF 3201** is printed on pages 3 and 4.

2010 Gambling Bill Introductions

Listed below are the 2010 Gambling Bills introduced as of 4/21/10:

House File (HF) 2422 (Bunn; Olin; Drazkowski; Davids; Dean; Brown; Carlson; Torkelson) & Senate File (SF) 2476 (Saltzman) - Gambling Control Board lawful purpose determination flexibility (LPE #16).

SF 2523 (Koering) & HF 2818 (Doty; Ward; Olin) - Temporary tax exemption created for lawful gambling organizations making a charitable contribution to local governments.

HF 2578 (Hackbarth; Beard; Lanning; Gunther) & SF 2810 (Johnson) - Gambling authorized as other than parimutuel betting at a licensed racetrack, and constitutional amendment proposed.

SF 2742 (Metzen; Gerlach; Senjem; Sparks; Wiger) & HF 3053 (Atkins; Zellers; Dill; Anzels; Hoppe; Doty; Howes; Bigham; Brown; Otremba) - Electronic bingo provided, and rates and collection of lawful gambling taxes adjusted and modified. (*ACM Bill*)

SF 2767 (Sparks) & HF 3204 (Brown; Otremba; Haws; Rukavina) - Video lottery terminal established, tax imposed on lottery terminal revenue, other lawful gambling taxes modified, powers and duties provided to the director of the State Lottery, and changes made.

SF 2930 (Tomassoni) & HF 3268 (Otremba; Doty; Rukavina) - Video lottery terminals established, tax imposed and provided for video lottery revenue, lawful gambling taxes and conduct of electric bingo modified, and gambling control board authorized to establish video pull-tab games.

HF 2984 (Kahn; Juhnke; Rukavina; Atkins; Lillie; Scalze; Solberg) - State Lottery authorized to offer games involving sports wagering and sports wagering pools, sports bookmaking authorized under licenses issued by the director of the State Lottery, and tax imposed on licensed sports bookmaking.

SF 2950 (Sparks; Robling; Scheid; Langseth; Metzen) & HF 3399 (Juhnke; Buesgens; Hackbarth; Doty; Haws; Holberg; Cornish; Brod; Nornes; Beard; Hoppe; Demmer; Garofalo; Peppin; Gunther; Benson; Olin;

Solberg; Otremba) - Jobs, family, and economic development fund developed, funding mechanism provided for agricultural, rural, early childhood, bioscience, medical technology, economic development, and athletic, recreational, and extracurricular activities, and regulation provided for gaming activities at racetracks and increasing purses.

HF 3078 (Brown) - State lottery operation restriction removed.

SF 3130 (Vandever) - Lawful gambling license permanency removal.

SF 3227 (Senjem) & HF 3688 (Demmer) - Bingo gross profit lawful purpose expenditure clarification.

SF 3268 (Hann) - Class III gambling prohibition.

SF 3274 (Vickerman; Fobbe; Skogen; Erickson Ropes; Murphy) & HF 3707 (Juhnke; Doty) - Lottery directed to develop a special scratch lottery game to benefit Minnesota veterans, members of the military, and their families.

SF 3324 (Doll) - Lottery ticket sales in lieu of sales tax early childhood family education (ECFE) money dedication.

HF 3554 (Simon) - Gambling device and video game of chance definitions changed.

To view all 2009-2010 Minnesota House Gambling Bills (36 as of 4/21/10) go to the web address below (then bookmark this page):

[https://www.revisor.mn.gov/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0862009&topic\[\]=1206&submit_topic=GO](https://www.revisor.mn.gov/revisor/pages/search_status/status_results.php?body=House&search=topic&session=0862009&topic[]=1206&submit_topic=GO)

To view all 2009-2010 Minnesota Senate Gambling Bills (33 as of 4/21/10) go to the web address below (then bookmark this page):

[https://www.revisor.mn.gov/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0862009&topic\[\]=2479&submit_topic=GO](https://www.revisor.mn.gov/revisor/pages/search_status/status_results.php?body=Senate&search=topic&session=0862009&topic[]=2479&submit_topic=GO)

Community Service-Oriented Organizations (Reprint from 2008)

HF 3201, 4th Engrossment - 85th Legislative Session (2007-2008)

Article 2: Property Taxes Overview

Authorizes a reduced property classification rate for qualifying nonprofit community service-oriented organizations (VFWs, American Legions, etc.).

13 Class 4 property (nonhomestead residential and miscellaneous).

Community service-oriented organizations. Expands the 4c property classification to nonprofit community service-oriented organizations that make charitable contributions and donations at least equal to the organization's previous year's property taxes and that allow the property to be used for public and community meetings or events at no charge, as appropriate to the size of the facility. This portion of class 4c will have a class rate of 1.5 percent and be subject to the state general tax at the seasonal-recreational rate (see section 16), which is about half of the commercial-industrial tax rate. Under current law, this type of property is classified as commercial class 3a (the first \$150,000 market value has a rate of 1.5 percent, the market value over \$150,000 has a rate of 2 percent, and the property is subject to the state general tax at the commercial-industrial tax rate).

Under current law, real property up to a maximum of one acre that is owned by a nonprofit community service-oriented organization qualifies for class 4c if the property is not used for revenue producing activity for more than six days in the calendar year preceding the year of the assessment. This section leaves that option, but adds a second alternative to qualify.

This second option extends the maximum land size to 3 acres. The acreage is made larger primarily to allow for parking lots, ball fields, etc. Provides that an organization qualifies if it makes annual charitable contributions and donations at least equal to the organization's previous year's property taxes and it allows the property to be used, size permitting, for public and community meetings or events for no charge. The types of organizations that would be affected by this change are the VFWs, American Legions, Knights of Columbus, etc.

Defines "charitable contributions and donations" as having the same meaning as the lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs and utility payments. Defines "property taxes" to exclude the state general tax.

Effective for the 2008 assessment and thereafter, taxes payable in 2009 and thereafter. For the 2008 assessment year, the application deadline is extended to September 1, 2008.

CHAPTER 154 - HF 3201, 4th Engrossment - 85th Legislative Session (2007-2008)

ARTICLE 2 PROPERTY TAXES

27.28 Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, is amended to read:

27.29 Subd. 25. **Class 4.** ...

...

28.21 (d) Class 4c property includes:

...

30.3 (3) real property up to a maximum of ~~one acre~~ three acres of land owned and used
30.4 by a nonprofit community service oriented organization; ~~provided that and that is not used~~
30.5 for residential purposes on either a temporary or permanent basis, qualifies for class 4c
30.6 provided that it meets either of the following:

30.7 (i) the property is not used for a revenue-producing activity for more than six days
30.8 in the calendar year preceding the year of assessment ~~and the property is not used for~~
30.9 ~~residential purposes on either a temporary or permanent basis; or~~

30.10 (ii) the organization makes annual charitable contributions and donations at least
30.11 equal to the property's previous year's property taxes and the property is allowed to be
30.12 used for public and community meetings or events for no charge, as appropriate to the
30.13 size of the facility.

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- 30.14 For purposes of this clause,
30.15 (A) “charitable contributions and donations” has the same meaning as lawful
30.16 gambling purposes under section 349.12, subdivision 25, excluding those purposes
30.17 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;
30.18 (B) “property taxes” excludes the state general tax;
30.19 (C) a “nonprofit community service oriented organization” means any corporation,
30.20 society, association, foundation, or institution organized and operated exclusively for
30.21 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
30.22 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue
30.23 Code of 1986, as amended through December 31, 1990. For purposes of this clause; and
30.24 (D) “revenue-producing activities” shall include but not be limited to property or that
30.25 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
30.26 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
30.27 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
30.28 insurance business, or office or other space leased or rented to a lessee who conducts a
30.29 for-profit enterprise on the premises.
30.30 Any portion of the property qualifying under item (i) which is used for revenue-producing
30.31 activities for more than six days in the calendar year preceding the year of assessment
30.32 shall be assessed as class 3a. The use of the property for social events open exclusively
30.33 to members and their guests for periods of less than 24 hours, when an admission is
30.34 not charged nor any revenues are received by the organization shall not be considered a
30.35 revenue-producing activity;.
31.1 The organization shall maintain records of its charitable contributions and donations
31.2 and of public meetings and events held on the property and make them available upon
31.3 request any time to the assessor to ensure eligibility. **An organization meeting the**
31.4 **requirement under item (ii) must file an application by May 1 with the assessor for**
31.5 **eligibility for the current year’s assessment.** The commissioner shall prescribe a uniform
31.6 application form and instructions;
...
32.28 **EFFECTIVE DATE.** The part of this section relating to class 4c resorts in
32.29 paragraph (d), clause (1), is effective for assessment year 2009 and thereafter, for taxes
32.30 payable in 2010 and thereafter. The part of this section relating to nonprofit community
32.31 service oriented organizations is effective for assessment year 2008 and thereafter, for
32.32 taxes payable in 2009 and thereafter, except that the application date in paragraph (d),
32.33 clause (3), item (ii), for the 2008 assessment is extended to September 1, 2008.