



## Special Notice 8.21.08

Please note this Notice is being mailed to the Organization CEO at the Organizations address and the Organization Gambling Manager at the Gambling Managers address using mailing list from the State of Minnesota updated 7/16/08. *If the CEO/Organization address or GM/GM address info is incorrect you should update with the Gambling Control Board ASAP!*

225 9th St E Unit 309 • Saint Paul, MN 55101-2514

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*Proudly Serving Charitable Gambling Organizations Throughout Minnesota*

## Gambling Control Board Lawful Gambling Study & Report

The Minnesota Gambling Control Board (GCB) is seeking input from the charitable gambling industry as they are working on the Lawful Gambling Study and Report required by **Section 24 of Chapter 260 - SF 3098, the 2008 Omnibus Lawful Gambling Policy Bill**. We understand the GCB will be looking at charitable gambling from top to bottom and have been assured that everything is on the table. **We strongly recommend that charitable gambling organizations and companies provide the GCB with their ideas and**

**suggestions on how we can reinvigorate, retool, and/or reinvent charitable gambling in Minnesota. Your much needed input should be submitted to the GCB using the form on page 2. This is a great opportunity to submit the valuable input that will allow charitable gambling to continue to be one of the most effective community based fund-raising activities available to Minnesota non-profit organizations. *Unfortunately at this point in time industry input has been minimal. Remember, opportunity is what you make of it!!!***

## Non-Profit Community Service Organizations Deadline

**Chapter 154 - HF 3201 the 2008 Omnibus Tax Bill** signed into law by **Governor Pawlenty** on 3/7/08 included a classification property class shift for community service-oriented organizations which House Research guesstimated will reduce property taxes by about 30%. This provision is in **Article 2 Section 13 of HF 3201**. An overview of this provision along with the

actual language from **HF 3201** is printed on pages 5 and 6. As per the Minnesota Department of Revenue Press Release printed below the application deadline for qualifying organizations is 9/1/08 for taxes payable in 2009. **A copy of the 2008 Application for Class 4c(3) (ii) - Non-Profit Community Service Organizations and Instructions is printed on pages 3 and 4.**

## 8/14/08 Minnesota Department Of Revenue Press Release

### Deadline Approaching for Non-profits to Apply for New Reduced Classification Rate

Saint Paul - The Minnesota Department of Revenue is reminding the non-profit community of the September 1, 2008 deadline to apply for classification for the 2008 property tax assessment.

Taxable non-profit community service organizations are now classified a number of different ways, depending on how they are used and the level of charitable contributions or donations.

Recently passed property tax legislation has provided a new reduced classification rate for qualifying non-profit community service organizations. Some organization examples include American Legions, VFW's and Elks Lodges. The change is effective beginning assessment year 2008 with taxes payable in 2009 and beyond.

In order to qualify for the new 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.

Organizations that may meet the requirements for this reduced classification rate should contact their assessor immediately for an application form. For the 2008 assessment only, the application deadline is September 1, 2008 for taxes payable in 2009. In future years, the application deadline will be May 1 of the assessment year to be effective for taxes payable in the following year.

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Press Release may be viewed at:

[http://www.taxes.state.mn.us/publications/press\\_releases/content/classification\\_deadline\\_website.shtml](http://www.taxes.state.mn.us/publications/press_releases/content/classification_deadline_website.shtml)



Suite 300 South  
 1711 W. County Road B  
 Roseville, MN 55113  
 651-639-4000

**LAWFUL GAMBLING STUDY AND REPORT**  
**We want your input!**

The Board will conduct a study of lawful gambling pertaining to:

1. operational and regulatory procedures,
2. accounting functions,
3. tax structure, and
4. recent trends in lawful purpose contributions and allowable expenses incurred by licensed charitable organizations relating to lawful gambling activities.

The report must be provided to the Legislature by January 15, 2009, and include recommendations and proposed legislation, if any.

To achieve a meaningful report, we need your input. So, take this opportunity to list your issues, solutions, and comments to support them.

ISSUE/PROBLEM	RECOMMENDED SOLUTION.
<b>Comments:</b>   	

**Use separate or additional sheets if necessary. Mail to the Board or fax to 651-639-4032 by September 15, 2008.**

**(optional)**  
**Name** \_\_\_\_\_ **Daytime phone** \_\_\_\_\_

**Organization** \_\_\_\_\_ **Address** \_\_\_\_\_

Please send copy to: ACM, 225 9th St E Unit 309, Saint Paul, MN 55101-2514 or fax to 651-255-6703

# 2008 Application for Class 4c(3)(ii) - Non-Profit Community Service Organizations

## Provides for special classification of qualifying non-profit community service organizations

To qualify for the special classification, the law requires that the organization must make annual charitable contributions and donations in an amount that is at least equal to the previous year's property taxes (excluding state general tax) and that the organization must allow the facility to be used for public and community meetings or events at no charge as appropriate to the size of the facility.

**For 2008 only, applications are due by September 1.** Read instructions before completing.

*(Future applications will be due by May 1.)*

<b>Type or Print</b>	Name of organization			<b>Name of organization</b>
	Person submitting application	Phone number		
	Name: _____ Title: _____			
	Address of organization (cannot be a P.O. Box number)			
	City	State	Zip Code	
Property ID number or plat and parcel number (from property tax statement)				<b>For office use only to be completed by the county assessor</b>
<b>Check all boxes that apply. You must attach a copy of the previous year's property tax statement. You must also attach copies of your Form LG1010 Schedule C/D as documentation of the organization's charitable donations. (See instructions)</b>				
I certify that this property is not used for residential purposes on either a temporary or permanent basis. <input type="checkbox"/> Yes <input type="checkbox"/> No				
I certify that the organization listed above is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986 as amended. <input type="checkbox"/> Yes <input type="checkbox"/> No				
I certify that the organization allows the facility to be used for public and community meetings or events at no charge. <input type="checkbox"/> Yes <input type="checkbox"/> No				
<b>Check all that apply</b>	Since some organizations operate on a fiscal year basis that does not coincide with the calendar year, please list the amount of charitable contributions for the last year below. Please attach documentation of these donations (Form LG1010). \$ _____ total donations for period from most recent 12-month record-keeping period (may be either fiscal year or calendar year.) Please specify Month _____ Year _____ to Month _____ Year _____.			<b>Application is:</b> <input type="checkbox"/> Denied <input type="checkbox"/> Approved
	Please list the total amount of your property taxes (excluding special assessments) from line 13 of your Property Tax Statement \$ _____			
	(less) the total amount of the state general tax from line 9 of your Property Tax Statement \$( _____ )			
	Equals: Net property tax excluding special assessments and state general tax: \$ _____			
<b>Sign Here</b>	<b>Signature of owner or authorized representative:</b> <i>By signing below, I certify that the information on this form is true and correct to the best of my knowledge, and I am the owner of the property or authorized representative of the organization that owns the property for which classification as 4c(3)(ii) is being claimed.</i>			<b>Assessor's Signature</b>
	<b>Making false statements on this application is against the law</b> Minnesota Statute 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.			
	Signature of applicant	Title	Date	
				<b>Date</b>

**Please return completed application and required attachments to your county assessor.**

## ***Instructions for Application***

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### **Who is eligible**

Property may qualify for class 4c(3)(ii) and the corresponding class rate if it is owned by a “nonprofit community service oriented organization,” is not used for residential purposes on either a temporary or permanent basis, and:

- The organization makes annual charitable contributions and donations at least equal to the property’s previous year’s property taxes (excluding the state general tax) and the property is allowed to be used for public and community meetings or events free of charge.

A “nonprofit community service oriented organization” is any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990.

### **How to apply**

Complete the entire application fully and legibly. Mail the application and required attachments to your county assessor by September 1 (2008 only). Applications must be completed annually.

*Future applications will be due by May 1.*

### **Required attachments**

You must attach to the application a copy of the property’s previous year’s property tax statement. You must also provide documentation of that same year’s charitable contributions and donations by attaching a Form LG1010 Schedule C/D to the application. At a minimum, you must provide copies of the Form LG1010’s that are used to demonstrate that the organization’s charitable contribution amount is equal to the property’s previous year’s property tax. For example, if it took three months for the charitable contribution amount to equal the previous year’s property tax, only those three Form LG1010’s would need to be attached to the application.

**Please note:** Not all expenditures on the Form LG1010 qualify as charitable contributions.

### **Assessor may request additional information**

The county assessor may request, at any time, for an organization to provide a copy of an IRS letter granting exempt status as a 501 (c)(3) corporation (or an explanation of why the letter is not available), and records of its charitable contributions and donations and of public meetings and events held on the property to ensure eligibility.

### **What are charitable contributions and donations?**

“Charitable contributions and donations” has the same meaning as 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. On a form LG1010, “charitable contributions” are defined as expenditures coded A-1 to A-7, A-10, A-11, A-13, A-14, A-15, and A-19. Only expenditures with these codes qualify as charitable contributions when the county assessor determines if an organization has made charitable contributions in an amount equal to the previous year’s property tax.

### **Use of information**

Some of the information contained on this form may be shared with the county assessor, county attorney, the Commissioner of Revenue or other federal, state, or local taxing authorities to verify your eligibility.

You do not have to give this information. However, refusal will disqualify you from consideration for the classification.

### **Penalties**

**Making false statements on this application is against the law.** Minnesota Statute 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to \$3,000 and/or up to one year in prison.

### **Information and assistance**

If you need additional information or assistance, contact your county assessor.

Additional information is also available online at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

# Community Service-Oriented Organizations

## HF 3201

### 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

### 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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(continued from page 5)

- 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.