

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 414

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DATE
01/24/2019

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; lawful gambling; modifying the calculation of the combined
1.3 net receipts tax; amending Minnesota Statutes 2018, section 297E.02, subdivision
1.4 6.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2018, section 297E.02, subdivision 6, is amended to read:

1.7 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under
1.8 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used
1.9 in this section, "combined net receipts" is the sum of the organization's gross receipts from
1.10 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,
1.11 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes
1.12 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, and
1.13 less the amounts actually expended for lawful purpose contributions under section 349.12,
1.14 subdivision 25, paragraph (a), clauses (1) to (7) and (9) to (26), for the fiscal year. The
1.15 combined net receipts of an organization are subject to a tax computed according to the
1.16 following schedule:

1.17	If the combined net receipts	The tax is:
1.18	for the fiscal year are:	
1.19	Not over \$87,500	nine percent
1.20	Over \$87,500, but not over	\$7,875 plus 18 percent of the amount
1.21	\$122,500	over \$87,500, but not over \$122,500
1.22	Over \$122,500, but not	\$14,175 plus 27 percent of the amount
1.23	over \$157,500	over \$122,500, but not over \$157,500
1.24	Over \$157,500	\$23,625 plus 36 percent of the amount
1.25		over \$157,500

2.1 ~~(b) On or before April 1, 2016, the commissioner shall estimate the total amount of~~
 2.2 ~~revenue, including interest and penalties, that will be collected for fiscal year 2016 from~~
 2.3 ~~taxes imposed under this chapter. If the amount estimated by the commissioner equals or~~
 2.4 ~~exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates~~
 2.5 ~~under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice~~
 2.6 ~~to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates~~
 2.7 ~~under this section apply, the combined net receipts of an organization are subject to a tax~~
 2.8 ~~computed according to the following schedule:~~

2.9	If the combined net receipts	The tax is:
2.10	for the fiscal year are:	
2.11	Not over \$87,500	8.5 percent
2.12	Over \$87,500, but not over	\$7,438 plus 17 percent of the amount
2.13	\$122,500	over \$87,500, but not over \$122,500
2.14	Over \$122,500, but not	\$13,388 plus 25.5 percent of the
2.15	over \$157,500	amount over \$122,500, but not over
2.16		\$157,500
2.17	Over \$157,500	\$22,313 plus 34 percent of the amount
2.18		over \$157,500

2.19 ~~(e)~~ (b) Gross receipts derived from sports-themed tipboards are exempt from taxation
 2.20 under this section. For purposes of this paragraph, a sports-themed tipboard means a
 2.21 sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning
 2.22 numbers are determined by the numerical outcome of a professional sporting event.

2.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.