

# 2012 SPECIAL TAXES LEGISLATIVE BULLETIN

## (2012 Regular Session)

MINNESOTA • REVENUE

Appeals and Legal Services Division  
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Unless otherwise noted, the provisions discussed in this bulletin can be found in 2012 Minn. Laws, Chapter 287.

### Insurance Taxes

**Fire safety surcharge reduction.** Minn. Stat. § 297I.06, subd. 1, was amended to reduce the surcharge on homeowner's, commercial fire, and commercial nonliability insurance policies from 0.65 percent to 0.5 percent beginning July 1, 2013. Effective for policies issued or renewed on or after July 1, 2013. 2012 Minn. Laws, Chapter 289, Section 2.

**Fire safety surcharge; reference elimination.** Minn. Stat. § 297I.06, subd. 2, was amended to eliminate the reference to farmers' mutual fire insurance companies. This is consistent with the change in Minn. Stat. ch. 67A (2011 session laws, chapter 61, section 9). These companies are now licensed as township mutual companies. Effective August 1, 2012. 2012 Minn. Laws, Chapter 187, Article 1, Section 51.

**Fire safety account; annual transfers.** Minn. Stat. § 297I.06, subd. 3, was amended to eliminate the annual transfer from the fire safety account to the general fund after fiscal year 2015. Effective August, 1 2012. 2012 Minn. Laws, Chapter 289, Section 3.

### Petroleum Taxes

**Gasoline tax exemption.** Minn. Stat. § 296A.07, subd. 4, was amended to provide a gasoline excise tax exemption to providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services. It also provides an exemption from the gasoline tax for motor vehicles used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center. The exemption for the medical assistance transportation providers is effective retroactively from January 1, 2012. The effective date for the mobile medical units is retroactive from January 1, 2011.

**Special fuel tax exemption.** Minn. Stat. § 296A.08, subd. 3, was amended to provide a special fuel excise tax exemption to providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services. It also provides an exemption from the special fuel tax for motor vehicles used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center. The exemption for the medical assistance transportation providers is effective retroactively from January 1, 2012. The effective date for the mobile medical units is retroactive from January 1, 2011.

**Unless otherwise noted, the provisions below can be found in 2012 Minn. Laws, Chapter 299.**

## **Lawful Gambling**

**Gambling product.** Minn. Stat. § 297E.01, subd. 7, was amended to provide that electronic linked bingo games and electronic pull-tab games are included in the definition of gambling product. Effective July 1, 2012.

**Gross receipts.** Minn. Stat. § 297E.01, subd. 8, was amended to provide that receipts from the sale of linked bingo paper sheets, electronic linked bingo games, and electronic pull-tab games are included in the definition of gross receipts. Effective July 1, 2012.

**Ideal gross.** Minn. Stat. § 297E.01, subd. 9, was amended to provide that receipts that would be received if all tickets from the sale of electronic linked bingo games, electronic pull-tab games, paddlewheel games, and raffle tickets were sold are included in the definition of ideal gross. Ideal gross also means the total amount of receipts that would be received if every bingo paper sheet, linked bingo paper sheet, and electronic linked bingo games were sold at face value. Effective July 1, 2012.

**Imposition.** Minn. Stat. § 297E.02, subd. 1, was amended to provide that electronic linked bingo games and electronic pull-tab games are not subject to the tax imposed under this section. The effect is that this tax only applies to paper bingo, paddlewheel and raffles games. Effective for games reported as played after June 30, 2012.

**Collection; disposition.** Minn. Stat. § 297E.02, subd. 3, was amended to delete an obsolete reference to a repealed subdivision; to clarify that distributors continue to have a monthly duty to file sales figures on a form prescribed by the commissioner; and language related to sales tax is moved from a repealed subdivision.

New language also provides appropriations for treatment of compulsive gambling. The bill creates two new appropriations related to gambling. One-half of one percent of the revenue deposited in the General Fund from the lawful gambling taxes would be appropriated to the Commissioner of Human Services for the compulsive gambling treatment program. An equal amount would be appropriated to the Commissioner of Human Services for a grant to the state affiliate recognized by the National Council on Problem Gambling. Effective July 1, 2012.

**Combined receipts tax.** Minn. Stat. § 297E.02, subd. 6, was amended as follows:

(a) To change the tax to a net receipts tax on all pull-tabs (paper and electronic), tipboards, and electronic linked bingo with the following rates:

<b>Combined FY net receipts</b>	<b>Tax</b>
Not over \$87,500	9 percent
Over \$87,500, but not over \$122,500	\$7,875 plus 18 percent of the amount over \$87,500 but not over \$122,500
Over \$122,500 but not over \$157,500	\$14,175 plus 27 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$23,625 plus 36 percent of the amount over \$157,500

(b) If the commissioner determines that tax collections for fiscal year 2016 will meet a certain threshold, then the following rates will apply beginning July 1, 2016:

<b>Combined FY net receipts</b>	<b>Tax</b>
Not over \$87,500	8.5 percent
Over \$87,500, but not over \$122,500	\$7,438 plus 17 percent of the amount over \$87,500 but not over \$122,500
Over \$122,500 but not over \$157,500	\$13,388 plus 25.5 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$22,313 plus 34 percent of the amount over \$157,500

Gross receipts derived from sports-themed tipboards as defined in Minn. Stat. § 349.12, subd. 34, are exempt from taxation under this section. Effective July 1, 2012.

**Unaccounted games.** Minn. Stat. § 297E.02, was amended by creating a new subd. 6a to provide tax liability on licensed distributors for games that are unaccounted for or lost. Effective July 1, 2012.

**Untaxed gambling product.** Minn. Stat. § 297E.02, subd. 7, was amended to add electronic pull tab games, linked bingo, and electronic linked bingo to the types of games subject to a tax when they are possessed without a tax under this chapter being paid. Effective July 1, 2012.

**Refunds; appropriation.** Minn. Stat. § 297E.02, subd. 10, was amended to delete an obsolete reference to a deleted provision. Effective July 1, 2012.

**Defective gambling products.** Minn. Stat. § 297E.02, subd. 11, was amended to delete obsolete references to repealed provisions and clarifies the commissioner's right to inspect all defective gambling product. Effective for games sold by a licensed distributor after June 30, 2012.

**Special allocation of revenues.** Minn. Stat. § 297E.021 was created to provide a method for allocating any increased revenues from lawful gambling to account for the costs within the stadium bill and to allocate remaining revenues. This mechanism requires the commissioner of management and budget each fiscal year to determine the amount of revenues from lawful gambling taxes that are received in excess of the February 2012 economic forecast. If these additional revenues exceed the state's cost of stadium funding for that fiscal year (i.e., the payments on the bonds, the reduced revenues under the sales tax exemption that applies to building materials for the stadium, stadium operating expenses, and the compulsive gambling program appropriations), the excess will be appropriated from the general fund for deposit in a general reserve account established by the commissioner of management and budget. Effective July 1, 2012.

**Untaxed gambling product.** Minn. Stat. § 297E.13, subd. 5, was amended to delete an obsolete reference to a repealed subdivision. Effective for actions occurring after June 30, 2012.

**Repealer.** Minn. Stat. § 297E.02, subd. 4, which is the distributor tax was repealed and Minn. Stat. §§ 349.15, subd. 3 and 349.19, subd. 2a, which reference parts of section 297E.02, subd. 4, were repealed. Effective for games sold by a licensed distributor after June 30, 2012, and the commissioner of revenue retains authority to issue refunds under Minn. Stat. § 297E.02, subd. 4, para. (d) (2010) for games sold before July 1, 2012.

**Minnesota Sports Facilities Authority.** Creates Minn. Stat. § 473J.09, subd. 14, which requires the Minnesota Sports Authority to study the feasibility of conducting a raffle for chances to win a pair or other limited numbers of prime seats in the stadium for professional football games for the duration of the lease. If conducted, the proceeds of the raffle must be transmitted to the commissioner of revenue for deposit in the general fund and are appropriated to the commissioner of management and budget for prepayment of principal and interest on appropriation bonds under Minn. Stat. § 16A.965. Effective May 15, 2012.

### **Taconite Tax**

**Distribution of Proceeds.** Minn. Stat. § 289.018 was amended to correct the references to section 289.017. The correct reference is to section 298.016. Section 289.017 was repealed. Effective August 1, 2012. 2012 Minn. Laws, Chapter 187, Article 1, Section 52