Payments to Counties with Casinos

April 6, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1740 (J. Clark) / S.F. 1805 (Frederickson)

	Revenue Gain or (Loss)			
	F.Y. 2002	F.Y. 2003	F.Y. 2004	FY2005
	(000's)			
General Fund	($3,050)	($3,050)	($3,050)	($3,050)

Effective for payments made after December 31, 2001.

EXPLANATION OF THE BILL

Current Law: A county in which an Indian gaming casino is located receives from the state 10% of the state share of all taxes collected under a tax agreement with the tribal government. The total payments to all counties cannot exceed $1.1 million per year.

Proposed Law: The percentage of the state share of taxes would be increased from 10% to 50%, and the appropriation limit would be increased from $1.1 million to $4 million per year.

REVENUE ANALYSIS DETAIL

- Under the current agreements and the current levels of taxes, the payments are expected to be $762,000 per year through fiscal year 2005, as reflected in the February 2001 forecast.
- Under the proposal the payments would be $3,810,000 each year, an increase of $3,048,000.
- The $4 million limit would not be reached during the forecast period.

Number of Taxpayers Affected: Eleven counties received payments in March 2001: Carlton, Cass, Cook, Itasca, Mahnomen, Mille Lacs, Pine, Redwood, Scott, St. Louis, and Yellow Medicine.

ADMINISTRATIVE/OPERATIONAL IMPACT
There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/polic.html#analyses

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