

**Lottery In-Lieu-of-Sales Tax
Disposition of Proceeds**

January 26, 2001

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

Department of Revenue
Analysis of SF 153 (Krentz)

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)			
General Fund	(\$3,408)	(\$3,458)	(\$3,458)	(\$3,458)
Natural Resources Fund	\$1,704	\$1,729	\$1,729	\$1,729
Game and Fish Fund	\$1,704	\$1,729	\$1,729	\$1,729

Effective July 1, 2001.

EXPLANATION OF THE BILL

Current Law: Sales of lottery tickets are exempt from the general sales tax. In lieu of the sales tax, an amount equal to 6.5% of the gross receipts from the sale of lottery tickets is transferred by the State Lottery to the Commissioner of Revenue each month. Revenue from this tax is disposed as follows: for FY 2001, 97% is divided equally between the natural resources fund and the game and fish fund, 3% goes to the general fund; for FY 2002 and thereafter, 87% is divided equally between the natural resources fund and the game and fish fund, 13% goes to the general fund.

Proposed Law: Revenue disposition starting July 1, 2001, would be 50% to the natural resources fund and 50% to the game and fish fund; none would go to the general fund.

REVENUE ANALYSIS DETAIL

- The estimates are from the November 2000 forecast of the Minnesota Lottery Office.

Number of Taxpayers Affected: None.

Administrative/Operational Impact

See fiscal note

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