

February 6, 2019

| | | |
|---|------------|-----------|
| | Yes | No |
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of S.F. 845 (Relph)

| | Fund Impact | | | |
|----------------------------------|--------------------|------------------|------------------|------------------|
| | F.Y. 2020 | F.Y. 2021 | F.Y. 2022 | F.Y. 2023 |
| | (000's) | | | |
| General Fund | (\$3,000) | (\$3,400) | (\$3,600) | (\$3,800) |
| Natural Resources and Arts Funds | (\$170) | (\$200) | (\$210) | (\$220) |
| Total – All Funds | (\$3,170) | (\$3,600) | (\$3,810) | (\$4,020) |

Effective for sales and purchases made after June 30, 2019.

EXPLANATION OF THE BILL

Current Law: Items purchased as prizes given to players in games at community festivals, fairs, and carnivals lasting less than six days are exempt.

Proposed Law: The bill would expand the exemption for prizes to include tangible personal property awarded in connection with lawful gambling. The bill also creates an exemption for the lease or purchase of gambling equipment by organizations licensed by the Minnesota Gambling Control Board.

REVENUE ANALYSIS DETAIL

- The estimates are based on information provided by the Gambling Control Board.
- It is estimated that \$4.9 million of prizes purchased for lawful gambling were subject to sales tax in fiscal year 2018.
- It is estimated that \$40.3 million of lawful gambling equipment purchases were subject to sales tax in fiscal year 2018.
- The estimates are assumed to grow at a rate of 5% per year, based on growth in lawful gambling from the state forecast.
- Fiscal year 2020 estimates are adjusted for eleven months of collections.

Number of Taxpayers: There are about 1,150 active lawful gambling organizations licensed by the Minnesota Gambling Control Board.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx