

March 21, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 209 (Bahner) / S.F. 187 (Hoffman)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
			(000's)	
General Fund / Stadium Reserve	(\$27,300)	(\$31,300)	(\$32,200)	(\$33,200)

Effective for games played after June 30, 2023.

EXPLANATION OF THE BILL

Current Law: The combined net receipts tax is imposed on lawful gambling organizations' net receipts after prizes from pull-tabs (paper and electronic), non-sports-themed tipboards, and electronic linked bingo games. Gambling tax revenue in excess of \$36.9 million in a fiscal year is allocated to the stadium reserve account within the General Fund. In addition, one percent of total gambling revenues each year is appropriated to the Department of Human Services to address problem gambling.

Proposed Law: The bill as proposed would lower tax rates as follows:

Net Receipts for fiscal year	Current	Proposed
Not more than \$87,500	9%	7%
Over \$87,500 but not more than \$122,500	18%	15%
Over \$122,500 but not more than \$157,500	27%	23%
Over \$157,500	36%	31%

REVENUE ANALYSIS DETAIL

- Estimates are based on data from fiscal year 2022 tax returns.
- Growth is based on the February 2023 forecast.
- During the forecast window,
 - Combined net receipts taxes would decrease by approximately \$125.2 million.
 - The appropriation for problem gambling would decrease by \$1.2 million.
- The fiscal year 2024 estimate is adjusted for eleven months of impact.

Number of Taxpayers:

1,127 charitable organizations paid combined net receipts taxes in FY22.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)