

March 7, 2023

***Preliminary***

Department of Revenue  
Analysis of H.F. 2000 (Stephenson) / S.F. 1949 (Klein)

	Yes	No
DOR Administrative Costs/Savings	X	

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
		(000's)		
General Fund		\$13,462	\$28,964	\$40,162

Effective for sports betting net revenue received after June 30, 2024.

**EXPLANATION OF THE BILL**

**Current Law:** It is not legal in the state of Minnesota for individuals to wager on sporting events.

**Proposed Law:** This bill legalizes wagering on sporting events for any individual 21 years of age or older within the state of Minnesota. Wagering is allowed at licensed facilities or online through licensed providers. Bets can be placed on sports or esports that meet defined standards. Wagers cannot be placed on horse racing, youth sports or fantasy contests.

A tax is imposed on sports wagering equal to 10% of net revenues on wagers placed online through a website or mobile application. Net revenue is defined as cash and cash equivalents received minus cash and noncash equivalent paid for winnings in a month. This does not include promotional credits or free bets. Any wagers placed on tribal land are not subject to the tax, even if placed with an online provider.

Funds from the tax are dedicated as follows: \$2.7 million for the Commissioner of Public Safety, \$1.353 million for the Commissioner of Revenue, 50% of the remaining proceeds to the Commissioner of Human Services (half to compulsive gambling treatment programs and half to the state affiliate of the National Council on Problem Gambling) and 50% of the remaining proceeds to the amateur sports integrity and participation account.

**REVENUE ANALYSIS DETAIL**

- Data from sports betting taxes in Colorado, Michigan, Iowa and Pennsylvania was used.
- Estimated growth is based on the experiences of the comparison states.
- It is assumed that rulemaking and licensing will be completed and first bets will be placed by July 1, 2024.
- The fiscal year 2025 estimate included eleven months of collections.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>