



SALES AND USE TAX

Charitable Gambling

March 20, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 797 (Joy)

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	(\$53,800)	(\$61,200)	(\$62,000)	(\$62,600)

Effective for games played after June 30, 2025.

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. In addition, one percent of total gambling revenues each year is appropriated to the Department of Human Services to address problem gambling.

<u>Net Receipts for fiscal year</u>	<u>Current</u>
Not more than \$87,500	8%
Over \$87,500 but not more than \$122,500	17%
Over \$122,500 but not more than \$157,500	25%
Over \$157,500	33.5%

Proposed Law: The bill as proposed would lower tax rates after July 1, 2025:

<u>Net Receipts for fiscal year</u>	<u>Proposed</u>
Not more than \$100,000	3%
Over \$100,000 but not more than \$200,000	10%
Over \$200,000 but not more than \$300,000	18%
Over \$300,000	26%

REVENUE ANALYSIS DETAIL

- Estimates are based on data from fiscal years 2019-2024 tax returns.
- Growth is based on the February 2025 forecast.

- During the forecast window,
 - Combined net receipts taxes would decrease by approximately \$239.6 million.
 - The appropriation for problem gambling would decrease by \$2,396,000
- The fiscal year 2024 estimate is adjusted for eleven months of impact.

Number of Taxpayers:

1,156 charitable organizations paid combined net receipts taxes in FY24.

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

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