

**SALES AND USE TAX**

## Charitable Gambling

March 14, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F.937(Nelson)/ H.F. 172 (Davids)

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	(\$17,700)	(\$20,100)	(\$20,400)	(\$20,600)

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.

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

<u>Net Receipts for fiscal year</u>	<u>Current</u>	<u>Proposed</u>
Not more than \$87,500	8%	7%
Over \$87,500 but not more than \$122,500	17%	15%
Over \$122,500 but not more than \$157,500	25%	22%
Over \$157,500	33.5%	30%

**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 \$78.8 million.
  - The appropriation for problem gambling would decrease by \$788,000
- The fiscal year 2026 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/  
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