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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 140

01/19/2021 Authored by Dettmer, Gruenhagen, Hamilton, Erickson, Theis and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; lawful gambling; modifying the calculation of the combined
1.3 net receipts tax; amending Minnesota Statutes 2020, section 297E.02, subdivision
1.4 6.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

1.7 Subd. 6. Combined net receipts tax. (a) In addition to the taxes imposed under
1.8 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used
1.9 in this section, "combined net receipts" is the sum of the organization's gross receipts from
1.10 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,
1.11 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes
1.12 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, and
1.13 less the amounts actually expended for lawful purpose contributions under section 349.12,
1.14 subdivision 25, paragraph (a), clauses (1) to (7) and (9) to (26), for the fiscal year. The
1.15 combined net receipts of an organization are subject to a tax computed according to the
1.16 following schedule:

Table with 2 columns: 'If the combined net receipts for the fiscal year are:' and 'The tax is:'. Rows include tax rates for different income brackets: Not over \$87,500 (nine percent), Over \$87,500 but not over \$122,500 (\$7,875 plus 18 percent), Over \$122,500 but not over \$157,500 (\$14,175 plus 27 percent), and Over \$157,500 (\$23,625 plus 36 percent).

2.1 (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under
2.2 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed
2.3 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers
2.4 are determined by the numerical outcome of a professional sporting event.

2.5 **EFFECTIVE DATE.** This section is effective July 1, 2021.