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**CHARITIES TOO OFTEN ARE WORKING MORE TO PAY FOR U.S. BANK STADIUM  
THAN TO INVEST IN THEIR OWN COMMUNITIES AND MISSIONS**

ST. PAUL, MINN. (March 8, 2017) – Growing numbers of community-based charities are paying more in state taxes than they are able to contribute to their local missions, an inequity that won't be tolerated for long, according to testimony today to a Minnesota Senate committee.

Taxes on charitable gaming were increased substantially in 2012 to pay for U.S. Bank Stadium, a policy that now is causing many charities to examine their very existence, Al Lund, executive director of Allied Charities of Minnesota, told the Minnesota Senate Tax Committee today at a hearing on legislation addressing the problem.

“Community-based charities are getting fed up with an unfair tax system. They are being forced to invest their hours and hours of volunteer work to pay for U.S. Bank Stadium while needs in their own communities – needs these charities could address – are going unmet. Without fair treatment of their charitable contributions, many charities simply will drop their charitable gaming operations. They exist to serve their missions, not to be tax collectors,” said Lund.

The proposed Community Vitality Investment Act (HF 226 and SF 419/SF 1069) would eliminate state taxes on the charitable gaming contributions from qualified organizations operating charitable gaming. Under current law, charitable gaming organizations are the only entities in the state that provide goods and services and are not able to deduct donations from their taxable income.

The change would reduce taxes on charitable organizations by about \$16 million; however, charitable gaming still would pay more than \$40 million in taxes, based on last year's revenue. “The change will bring fairness to charitable gaming taxation, provide for more investments in assets that are important to the vitality of communities throughout the state and still generate enough in taxes for Minnesota to deliver on the most important commitments it has made for the use of charitable gaming tax revenue,” said Lund.

“At a time when communities throughout Minnesota are facing challenging questions about their future, the contributions of community-based charities in life-saving emergency equipment, opportunities for kids, the protection of habitat and environment and so many other community assets are more critical than ever,” according to Lund. “Without community charities, these investments would not be made. And without these investments, many communities would be significantly less attractive places to live.”

Lund told committee members that charities in the communities they represent are typical of what is happening around the state. “If you look at all the non-profit groups operating charitable gaming in the districts members of this committee represent, what you find is this: There now are more dollars going to pay taxes than these organizations in your cities and towns are able to invest in their missions and other allowable expenses. Not just by a hair, but by nearly \$1.5 million dollars. Imagine what an extra \$1.5 million ANNUALLY would mean to your communities,” said Lund.

Veterans organizations increasingly are facing the same conflict, according to Lund. The 302 veterans organizations that operate charitable gaming collectively contributed \$6.4 million to their causes in 2016. Their tax bill was nearly \$11 million. Even when the \$7 million they spend on their buildings and other costs are included, “they are getting ever closer to that day when they will be working more for U.S. Bank Stadium than for veterans and their communities,” said Lund.

Lund told the committee that there are solutions to maintaining secure funding for the NFL stadium that still would rely on revenue from charitable gaming.

“We recognize the importance of the Vikings to Minnesota and we always have been at the table to pay our share. There are ways to address our funding issue and still meet the needs of both the stadium bonds and our communities, and we are eager to work with legislators to share our ideas. Getting to that win-win solution, though, begins by acknowledging that community charities are facing a crisis, one that has a fair and effective solution,” Lund told the committee.

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