

Community Vitality Investment Act Heard Before House Commerce Committee

ST. PAUL, MINN. (Feb. 10, 2017) -- Last year, the Aitkin Lion's Club contributed nearly \$53,000 from its charitable gaming operations to improve the community. But the funds raised for the community paled in comparison to the Lions' tax bill -- \$110,790 to the state, more than twice the amount of money raised for its core mission. The Knights of Columbus Council 4147 in Albertville fared a bit better, paying just slightly more in taxes (\$97,998) than it had for charitable contributions (\$87,092). But to even reach that level, the Knights had to generate more than \$2.4 million in gross receipts from its charitable gaming operations.

These scenarios are happening in charitable organizations throughout Minnesota. Increasingly, the high tax burden imposed on charitable gaming is overwhelming the ability of the organizations to do what they were created to accomplish--support their charitable missions.

The charitable groups are asking the state legislature for fair treatment for their charitable contributions.

Al Lund, executive director of Allied Charities of Minnesota recently told the House of Representatives Commerce Committee that the proposed legislation, the Community Vitality Investment Act (HF 226 and SF 419) would accomplish three things:

- 1. Bring fairness to how charitable gaming is taxed.**

The Community Vitality Investment Act will eliminate taxes on the donations charitable gaming organizations make to their missions and the communities they serve. By eliminating the taxes on donations, the tax code will recognize charitable gaming as an important part of Minnesota's vitality, just as it does for charitable contributions from individuals and corporations.

2. Allow charities to do even more for the communities they serve.

An organization raising funds to purchase an \$80,000 ambulance has to raise up to \$108,000 because the extra \$28,000 needs to be paid to the state in taxes on that donation. With the Community Vitality Investment Act, the extra \$28,000 would be available for other community needs. It could be used to purchase additional lifesaving equipment, renovate a park, or give more kids the chance to participate in sports.

3. Charitable gaming would still generate enough taxes for Minnesota to deliver on its most important commitments.

Government should be encouraging people in their efforts to help others, not discouraging those efforts and punishing them for trying to do more.

The bill was approved by the Commerce Committee and now moves to the Tax Committee.