

Charitable Gaming: 36 Percent State Tax Rate Not Fair



By Jim Maurice May 18, 2017 1:43 PM



Share on Facebook



Share on Twitter



Joelogen, flickr

UNDATED – When you spend time playing pull tabs, bingo, and meat raffles a big chunk of the money you spend is going to the state, not the charity you're there to support.

Al Lund is the executive director of Allied Charities of Minnesota. He says charitable gaming has been left out of any kind of tax relief for this legislative session.

Minnesota taxes charitable gambling at 36 percent, far higher than the next closest state of North Dakota's 10 percent.

“ This was never intended to be a boon to the state. Charitable gaming was intended to benefit our local communities. We have 200 charities now, out of 1,200 that conduct charitable gaming, that are sending more to the state than they do for their communities and their missions. We believe in our heart of hearts that is wrong.

He says North Dakota charges only 10 percent as their top tax rate. He says they would take that deal.

One of their other issues is the competitors in gambling in Minnesota – horse racing, casinos, and card rooms – pay the corporate tax rate, even though they are for-profit companies. That corporate tax rate is 9 1/2 percent.

Lund says, in Minnesota, for every dollar spent on charitable gaming .50 cents goes to expenses, .36 cents is paid in state taxes, and that leaves .14 cents left for donations to local communities.

The current tax structure was put into effect in 2012.

Lund says they have about three of their member organizations quit doing charitable gambling each month, because they're paying more to the state than their community.

Deb Fischer from the Central Minnesota Noon Optimist Club says last month, after prizes and expenses, her organization gave about \$1,800 to charity and paid nearly \$10,000 in state taxes. Fischer says their club runs pulls tabs, bingo, and meat raffles at six bars and one gas station. Their mission is about helping kids.