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Overview

This bill reduces taxes for lawful gambling organizations by: subjecting electronic linked bingo to the lower 8.5% flat tax on gross receipts; extending the brackets for the graduated tax rates applied under the combined net receipts tax; lowering the threshold for the combined net receipts tax's lower rate structure; and creating a new tax exemption under this section.

This bill also changes the threshold for the requirement that a gambling organization submit an audited financial statement. Currently the threshold is revenue in excess of \$750,000. The bill proposes to change this threshold to net receipts (i.e. gross receipts minus prizes actually paid) in excess of \$750,000.

Section

- 1** **8.5% flat tax.** Exempts electronic linked bingo from the combined net receipts tax under subdivision 6 and taxes it preferentially under subdivision 1 at the 8.5% flat rate. Allows the cost of compensation to be subtracted from gross receipts for purposes of determining the tax owed under this subdivision.
- 2** **Combined net receipts tax.**
 - Exempts electronic linked bingo from the combined net receipts tax and taxes it at the 8.5% flat rate.
 - Extends the brackets for the combined net receipts tax and creates a true graduated tax structure.

Section

- Lowers the revenue threshold used to trigger the application of the alternate combined net receipts rate structure.
- Extends the brackets for the alternate combined net receipts tax creates a true graduated tax structure.
- Exempts the first \$50,000 of net receipts from taxation.

3 **Submission of audited financial statement.** Raises the threshold for submitting an audited financial statement from \$750,000 in revenue to \$750,000 in net receipts.