

## CHAPTER 295

COMPANIES SUBJECT TO GROSS EARNINGS  
TAXES

- |         |  |        |  |
|---------|--|--------|--|
| 295.01  | Definitions.   |        |  |
|         | TELEGRAPH COMPANIES  |        | TRUST COMPANIES  |
| 295.32  | Gross earnings tax; annual return.   | 295.37 | Trust companies to pay gross earnings tax.                               |
| 295.33  | Enforcement; rules.  | 295.39 | Reports filed by trust companies with county treasurer.                  |
|         | TELEPHONE COMPANIES  | 295.40 | Tax determined.  |
| 295.34  | Gross earnings tax.  | 295.41 | Failure to report; penalty.  |
| 295.36  | Tax a lien.  | 295.42 | Nonpayment of tax; penalty.  |
| 295.365 | Declarations of estimated gross earnings tax by telegraph and telephone companies. | 295.43 | Lien of tax.   |
| 295.366 | Failure by telegraph or telephone company to pay estimated gross earnings tax      | 295.44 | Hydropower facilities; exemption; taxation in lieu of property taxation. |

**295.01 DEFINITIONS.**

Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of this chapter, shall be given the meanings subjoined to them.

Subd. 2. [Repealed, 1979 c 303 art 7 s 15]

Subd. 3. [Repealed, 1979 c 303 art 7 s 15]

Subd. 4. [Repealed, 1989 c 277 art 1 s 35]

Subd. 5. [Repealed, 1989 c 277 art 1 s 35]

Subd. 6. [Repealed, 1989 c 277 art 1 s 35]

Subd. 7. [Repealed, 1989 c 277 art 1 s 35]

Subd. 8. [Repealed, 1989 c 277 art 1 s 35]

Subd. 9. **Telegraph company.** Every person, company, joint stock association, or corporation, wherever organized or incorporated, owning or operating any telegraph line within this state shall be deemed a telegraph company.

Subd. 10. **Telephone company.** The term "telephone company" as used in this chapter means any person, firm, association or corporation, excluding municipal telephone companies, owning or operating any telephone line or telephone exchange for hire wholly or partly within this state, including radio and other advancements in the art of telephony and sellers of telephone services, but excluding resellers and cellular radio. "Resellers of telephone services" as used in this chapter means any person, firm, association, or corporation that:

(1) resells telecommunications services purchased from telephone companies as defined in this chapter;

(2) does not own, operate, manage, or control transmission facilities that have the technological capability to provide telecommunication services; and

(3) incurs costs equal to at least 50 percent of its gross revenues for the telephone services purchased from telephone companies that own, operate, manage, or control transmission facilities.

**History:** (2247, 2251, 2261, 2270, 2273, 2277, 2279, 2282) *RL s 1012, 1031; 1909 c 454 s 1; Ex1912 c 9 s 2; 1913 c 480 s 1,3; 1919 c 506 s 1,4; 1973 c 278 s 1; 1973 c 617 s 1,2; 1Sp1985 c 14 art 14 s 1; 1987 c 268 art 11 s 1*

**295.02** [Repealed, 1979 c 303 art 7 s 15]

**295.021** [Repealed, 1969 c 399 s 51]

**295.03** [Repealed, 1979 c 303 art 7 s 15]

**295.04** [Repealed, 1979 c 303 art 7 s 15]

- 295.05 [Repealed, 1979 c 303 art 7 s 15]  
 295.06 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]  
 295.07 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]  
 295.08 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]  
 295.09 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]  
 295.10 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]  
 295.11 [Repealed, 1969 c 1147 s 22]  
 295.12 [Repealed, 1979 c 303 art 7 s 15]  
 295.13 [Repealed, 1979 c 303 art 7 s 15]  
 295.14 [Repealed, 1979 c 303 art 7 s 15]  
 295.15 [Repealed, 1989 c 277 art 1 s 35]  
 295.16 [Repealed, 1969 c 1147 s 22]  
 295.17 [Repealed, 1969 c 1147 s 22]  
 295.18 [Repealed, 1969 c 1147 s 22]  
 295.19 [Repealed, 1969 c 1147 s 22]  
 295.20 [Repealed, 1969 c 1147 s 22]  
 295.21 [Repealed, 1989 c 277 art 1 s 35]  
 295.22 [Repealed, 1969 c 1147 s 22]  
 295.23 [Repealed, 1989 c 277 art 1 s 35]  
 295.24 [Repealed, 1989 c 277 art 1 s 35]  
 295.25 [Repealed, 1989 c 277 art 1 s 35]  
 295.26 [Repealed, 1969 c 1147 s 22]  
 295.27 [Repealed, 1989 c 277 art 1 s 35]  
 295.29 [Repealed, 1989 c 277 art 1 s 35]  
 295.30 [Repealed, 1989 c 277 art 1 s 35]  
 295.31 [Repealed, 1989 c 277 art 1 s 35]

### TELEGRAPH COMPANIES

#### 295.32 GROSS EARNINGS TAX; ANNUAL RETURN.

Every telegraph company as defined in section 295.01, subdivision 9, shall file a return with the commissioner of revenue, in such form as the commissioner shall prescribe, containing a true and just report of its gross earnings derived from business within the state during the preceding calendar year, and make payment of the tax based upon the following percentages of such gross earnings:

- for calendar years beginning before December 31, 1989, six percent,
- for calendar year 1990, four percent,
- for calendar year 1991, two percent, and
- for calendar years beginning after December 31, 1991, exempt.

Such return and payment of the tax due therewith shall be submitted on or before March first of each year, and shall be in lieu of all ad valorem taxes upon the property of such company within the state for the year during which such gross earnings accrued. The provisions of chapter 294 and acts amendatory thereto, shall be applicable to such telegraph companies and to the returns and to the taxes submitted therewith by them.

**History:** (2282-1) *Ex1937 c 4 s 1; 1945 c 222 s 1; 1969 c 1147 s 17; 1973 c 582 s 3; 1986 c 444; 1987 c 268 art 11 s 2; 1988 c 719 art 19 s 14*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

#### 295.33 ENFORCEMENT; RULES.

The commissioner of revenue shall enforce section 295.32 and shall have the power to make all necessary rules and to acquire all necessary information therefor.

**History:** (2282-3) *Ex1937 c 4 s 3; 1973 c 582 s 3; 1985 c 248 s 70*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

### TELEPHONE COMPANIES

#### 295.34 GROSS EARNINGS TAX.

Subdivision 1. Except as provided in subdivision 2, every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings, including long distance access charges, of the preceding calendar year derived from business within this state:

(a) for gross earnings from service to rural subscribers and from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less for calendar years beginning before December 31, 1988, four percent,

for calendar year 1989, three percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of four percent,

for calendar year 1990, 1.5 percent,

for calendar year 1991, one percent, and

for calendar years beginning after December 31, 1991, exempt; and

(b) for gross earnings derived from all other business

for calendar years beginning before December 31, 1988, seven percent,

for calendar year 1989, 5.5 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of seven percent,

for calendar year 1990, three percent,

for calendar year 1991, 2.5 percent, and

for calendar years beginning after December 31, 1991, exempt.

A tax shall not be imposed on the gross earnings of a telephone company from business originating or terminating outside of Minnesota, except that the gross earnings tax is imposed on all long distance access charges allocated to interstate service received in payment from a telephone company before December 31, 1989.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, property taxes assessed beginning in 1989, payable in 1990, and sales and use taxes imposed as a result of chapter 297A. All money paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

(c) For the period January 1, 1984 through December 31, 1986, all money paid by a company for connecting fees and switching charges, including carriers access charges except that portion paid for directory assistance and billing and collection services, to any other company must be reported as earnings by the company to which they are paid, but are not deemed to be earnings of the collecting and paying company.

(d) Gross earnings include customer access charges. Customer access charges are not gross earnings from business originating or terminating outside of Minnesota for purposes of the gross earnings tax. Customer access charges include the flat rate monthly charges received by a telephone company from its customers, that are authorized by the Federal Communications Commission and that compensate a telephone company for the cost of a local telephone plant to the extent attributable to interstate service.

Subd. 2. All telephone companies whose gross earnings from operations during any calendar year whether derived from fixed assessments or any other source, and exclusive of connecting fees and switching charges paid to others, are \$1,000 or less,

# MINNESOTA STATUTES 1990

6891

COMPANIES SUBJECT TO GROSS EARNINGS TAXES 295.365

shall pay to the commissioner of revenue a tax of 30 cents per telephone for each telephone connected to the system during such calendar year whether the same is in actual use or not. Every taxpayer subject to this subdivision shall on or before April 15 of each year file a verified report in duplicate copy with the commissioner of revenue in such form as may be prescribed, showing the number of telephones connected to the system whether in use or not, and such other information as the commissioner may deem necessary to a proper determination of the tax herein imposed. In all other respects the taxpayers subject to these provisions shall be governed by all other provisions of law in force and applicable to the gross earnings tax of telephone companies.

Subd. 3. The provisions of chapter 294 and acts amendatory thereto, shall be applicable to such telephone companies and to the returns and to the taxes submitted therewith by them.

**History:** (2286) *RL s 1035; 1921 c 348 s 1; 1921 c 421 s 1; Ex1937 c 7 s 1; Ex1937 c 10 s 1; 1945 c 239 s 1; 1949 c 542 s 1; 1951 c 316 s 1; 1967 c 821 s 6,7; 1969 c 1147 s 18; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1Sp1981 c 4 art 1 s 153; 1Sp1985 c 14 art 14 s 2; 1987 c 268 art 11 s 3; 1987 c 384 art 2 s 71; art 3 s 12; 1988 c 719 art 2 s 50; 1Sp1989 c 1 art 17 s 3*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

**295.35** [Repealed, 1969 c 1147 s 22]

## **295.36 TAX A LIEN.**

Such tax shall be a lien upon, all and singular, the property, estate, and effects of any such telephone company, and shall take precedence of all demands and judgments against it.

**History:** (2288) *RL s 1037*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

**295.361** [Repealed, 1969 c 399 s 51]

## **295.365 DECLARATIONS OF ESTIMATED GROSS EARNINGS TAX BY TELEGRAPH AND TELEPHONE COMPANIES.**

Subdivision 1. **Payments.** Every telegraph company subject to taxation pursuant to section 295.32 and every telephone company subject to taxation pursuant to section 295.34, shall make a declaration of estimated gross earnings tax for the calendar year if the gross earnings tax can reasonably be expected to be in excess of \$1,000. The declaration of estimated tax shall be filed on or before March 15. The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on or before the 15th day of March, June, September, and December. For calendar year 1989 only, the March 15 and June 15 installments for telephone companies shall be made as provided in section 295.34, subdivision 1. The remaining two installments for calendar year 1989 shall be calculated by subtracting the sum of the March 15 and June 15 installments from the estimated tax for the year and dividing the difference by two. An amendment of a declaration may be filed in any interval between installment dates prescribed above but only one amendment may be filed in each such interval.

Subd. 2. **Amendment of declarations.** (a) If any amendment of a declaration is filed, the amount of each remaining installment shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased, as the case may be, by the amount computed by dividing

(1) the difference between (A) the amount of estimated tax required to be paid before the date on which the amendment was made, and (B) the amount of estimated tax which would have been required to be paid before such date if the new estimate had been made when the first estimate was made, by

(2) the number of installments remaining to be paid on or after the date on which the amendment is made.

(b) Notwithstanding paragraph (a), if an amendment of a declaration is filed for calendar year 1989 prior to payment of the June 15 installment, the amount of the June 15 installment shall be 31.5 percent of the estimated tax for the calendar year plus the difference between 31.5 percent of the reestimated tax for the calendar year and the March 15 installment.

**Subd. 3. Extensions.** The commissioner of revenue may grant a reasonable extension of time for filing any declaration but such extension shall not be for more than six months.

**History:** *1Sp1981 c 3 s 9; 1983 c 222 s 29; 1987 c 268 art 11 s 4*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

### **295.366 FAILURE BY TELEGRAPH OR TELEPHONE COMPANY TO PAY ESTIMATED GROSS EARNINGS TAX**

**Subdivision 1. Addition to the tax.** In case of any underpayment of estimated tax by a telegraph or telephone company, except as provided in subdivision 4, there shall be added to the tax for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment (determined under subdivision 2) for the period of the underpayment (determined under subdivision 3). For taxable years beginning after December 31, 1982, the amount in lieu of interest for that taxable year shall be the amount determined in section 270.75 for January 1 on which begins the taxable year or precedes the beginning of the taxable year.

**Subd. 2. Amount of underpayment.** For purposes of subdivision 1, the amount of the underpayment shall be the excess of

- (1) the amount of the installment, over
- (2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

**Subd. 3. Period of underpayment.** The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

- (1) The 15th day of the third month following the close of the taxable year.
- (2) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subdivision 2, clause (1) for such installment date.

**Subd. 4. Exception.** Notwithstanding the provisions of the preceding subdivisions, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

- (1) The tax shown on the return of the corporation for the preceding taxable year.
- (2) Eighty percent of the actual liability for the calendar year.

**Subd. 5. 1989 exception.** Notwithstanding subdivision 4, for calendar year 1989 only, the addition to the tax with respect to any underpayment of the March 15 or June 15 payment is imposed if the total amount of the payments of estimated tax made on or before June 15 does not equal or exceed the amount which would have been required to be paid on or before that date if the estimated tax for the first six months of 1989 were the lesser of:

- (1) 50 percent of the tax shown on the return of the corporation for the preceding year; or

(2) 60 percent of the actual liability for the calendar year.

The addition to tax under this subdivision shall reduce any addition to tax imposed under subdivision 4 but not to less than zero.

**History:** *1Sp1981 c 3 s 10; 1983 c 222 s 30; 1987 c 268 art 11 s 5*

**NOTE:** This section is repealed by Laws 1987, chapter 268, article 11, section 11, clause (b) effective beginning calendar year 1992. See Laws 1987, chapter 268, article 11, section 12.

## TRUST COMPANIES

### 295.37 TRUST COMPANIES TO PAY GROSS EARNINGS TAX.

On or before March first, of each year, every trust company organized under the laws of this state shall pay into the treasury of the county where its principal place of business is located six percent of its gross earnings for the preceding calendar year, which amount shall be in lieu of all ad valorem taxes upon the capital stock and the personal property of such trust company; provided, however, that if any such company shall receive deposits subject to check other than trust deposits, then such company shall be assessed in the same manner as incorporated banks are assessed, and shall pay taxes in the same manner as such banks.

**History:** *(2289) 1913 c 529 s 1; Ex1937 c 3 s 4; Ex1937 c 9 s 4*

**295.38** [Repealed, 1973 c 650 art 27 s 1]

### 295.39 REPORTS FILED BY TRUST COMPANIES WITH COUNTY TREASURER.

It shall be the duty of every trust company which is required to pay a tax of six percent of its gross earnings in lieu of taxes and assessments upon its capital stock and personal property pursuant to the provisions of section 295.37, on or before the first day of February, in each year, to make and file with the county treasurer of the county in which the trust has its principal place of business a report covering the preceding calendar year, verified by the oath of an officer of such company, setting forth correctly the full amount of the gross earnings of such company during the preceding calendar year, and such other and further information as the county treasurer may require.

**History:** *(2290-1) 1925 c 251 s 1; Ex1937 c 3 s 4; Ex1937 c 9 s 4; 1973 c 582 s 3; 1987 c 268 art 11 s 6*

### 295.40 TAX DETERMINED.

Upon receipt of such report the county treasurer shall determine therefrom and from such other information as the treasurer may possess or obtain the amount of tax due from such company; and, on or before the 15th day of February, the county treasurer shall certify the amount of the taxes found and determined to be due from such company.

**History:** *(2290-2) 1925 c 251 s 2; 1973 c 582 s 3; 1986 c 444; 1987 c 268 art 11 s 7*

### 295.41 FAILURE TO REPORT; PENALTY.

If any company subject to sections 295.39 to 295.43 shall fail to make the report provided for in section 295.39, at the time and in the manner therein provided, there shall be added to the tax found and determined by the county treasurer to be due from such company a penalty equal to ten percent of the tax imposed, which shall be treated as a part thereof.

**History:** *(2290-3) 1925 c 251 s 3; 1973 c 582 s 3; 1987 c 268 art 11 s 8*

### 295.42 NONPAYMENT OF TAX; PENALTY.

In case the tax is not paid on or before the first day of March of the year when due and payable a penalty of ten percent thereof shall immediately accrue and be charged upon all such taxes.

**History:** *(2290-4) 1925 c 251 s 4*

# MINNESOTA STATUTES 1990

## 295.43 LIEN OF TAX.

Gross earnings taxes imposed under and pursuant to the provisions of section 295.37, which become delinquent, shall be a lien upon all of the property of the company owning the same, and shall be collected at the same time and in the same manner that delinquent property taxes are collected.

**History:** (2290-5) 1925 c 251 s 5; 1987 c 268 art 11 s 9

## 295.44 HYDROPOWER FACILITIES; EXEMPTION; TAXATION IN LIEU OF PROPERTY TAXATION.

Subdivision 1. **Exemption.** Notwithstanding the provisions of sections 272.01, subdivision 2, 272.02, subdivision 5, and 273.19, subdivision 1, real or personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit and developed and operated pursuant to section 103G.535 may be exempt from property taxation for all years during which the site is developed and operated under the terms of a lease or agreement authorized by section 103G.535.

Subd. 2. [Repealed, 1984 c 502 art 3 s 36]

Subd. 3. [Repealed, 1984 c 502 art 3 s 36]

Subd. 4. [Repealed, 1984 c 502 art 3 s 36]

**History:** 1982 c 523 art 27 s 5; 1984 c 502 art 3 s 24; 1990 c 391 art 8 s 35