

CHAPTER 297E

GAMBLING TAXES

297E.02 Tax imposed.
 297E.031 Gambling tax permit.
 297E.09 Assessments.

297E.11 Limitations on time for assessment of tax.
 297E.12 Civil penalties.
 297E.13 Tax-related criminal penalties.

297E.02 TAX IMPOSED.

Subdivision 1. **Imposition.** A tax is imposed on all lawful gambling other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, at the rate of ten percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

[For text of subs 2 to 4, see M.S.1994]

Subd. 5. [Renumbered section 349.213, subdivision 3]

Subd. 6. **Combined receipts tax.** In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:	The tax is:
Not over \$500,000	zero
Over \$500,000, but not over \$700,000	two percent of the amount over \$500,000, but not over \$700,000
Over \$700,000, but not over \$900,000	\$4,000 plus four percent of the amount over \$700,000, but not over \$900,000
Over \$900,000	\$12,000 plus six percent of the amount over \$900,000

[For text of subs 7 to 10, see M.S.1994]

Subd. 11. **Unplayed or defective pull-tabs or tipboards.** If a deal of pull-tabs or tipboards registered with the board or bar coded in accordance with this chapter and chapter 349 and upon which the tax imposed by subdivision 4 has been paid is returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.

If a defective deal registered with the board or bar coded in accordance with this chapter and chapter 349 and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be on a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision must be made when and in the manner prescribed by the commissioner.

History: 1995 c 264 art 17 s 3-5,11

297E.031 GAMBLING TAX PERMIT.

Subdivision 1. Application and issuance. A distributor who sells gambling products under this chapter must file an application with the commissioner, on a form prescribed by the commissioner, for a gambling tax permit and identification number. The commissioner, when satisfied that the applicant meets all applicable requirements under this chapter and chapter 349, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.

[For text of subd 2, see M.S.1994]

History: 1995 c 264 art 17 s 6

297E.09 ASSESSMENTS.

[For text of subs 1 and 2, see M.S.1994]

Subd. 3. Order of assessment; notice and demand to taxpayer. (a) If a return has been filed and the commissioner determines that the tax disclosed by the return is different from the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An assessment by the commissioner must be made by recording the liability of the taxpayer in the office of the commissioner, which may be done by keeping a copy of the order of assessment sent to the taxpayer. An order of assessment is final when made but may be reconsidered by the commissioner under section 297E.15.

(b) The amount of unpaid tax shown on the order must be paid to the commissioner:

(1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or

(2) if an administrative appeal is filed under section 297E.15 within 60 days following the determination or compromise of the appeal.

[For text of subs 4 to 7, see M.S.1994]

History: 1995 c 186 s 119

297E.11 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.

[For text of subs 1 to 3, see M.S.1994]

Subd. 4. Time limit for refunds. Unless otherwise provided in this chapter, a claim for a refund of an overpayment of tax must be filed within the period prescribed in section 289A.40, subdivision 1. Interest on refunds must be computed at the rate specified in section 270.76 from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

[For text of subs 5 and 6, see M.S.1994]

History: 1995 c 264 art 13 s 19

NOTE: The amendment to subdivision 4 by Laws 1995, chapter 264, article 13, section 19, is effective for claims for refund which have not been filed as of June 2, 1995, and in which the time period for filing the claims has not expired under the provisions in effect prior to June 2, 1995. The time period for filing such claims is the time period prescribed in subdivision 4, or one year after June 2, 1995, whichever is greater. See Laws 1995, chapter 264, article 13, section 24.

297E.12 CIVIL PENALTIES.

[For text of subd 1, see M.S.1994]

Subd. 2. Penalty for failure to make and file return. If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is five percent of the amount of tax not paid on or before the date prescribed for payment of the tax.

[For text of subs 3 to 10, see M.S.1994]

History: 1995 c 264 art 13 s 20

297E.13 TAX-RELATED CRIMINAL PENALTIES.

[For text of subs 1 to 4, see M.S.1994]

Subd. 5. Untaxed gambling equipment. It is a gross misdemeanor for a person to possess gambling equipment for resale in this state that has not been stamped or bar-coded in accordance with this chapter and chapter 349 and upon which the taxes imposed by chapter 297A or section 297E.02, subdivision 4, have not been paid. The director of gambling enforcement or the commissioner or the designated inspectors and employees of the director or commissioner may seize in the name of the state of Minnesota any unregistered or untaxed gambling equipment.

[For text of subs 6 and 7, see M.S.1994]

History: 1995 c 264 art 17 s 7