

CHAPTER 297E

GAMBLING TAXES

297E.01 Definitions.
297E.02 Tax imposed.

297E.12 Civil penalties.

297E.01 DEFINITIONS.

[For text of subs 1 to 17, see M.S.1998]

Subd. 17a. **Business day.** "Business day" means Monday through Friday, excluding any holidays as defined in section 645.44.

[For text of subd 18, see M.S.1998]

History: 1999 c 243 art 7 s 4

297E.02 TAX IMPOSED.

Subdivision 1. **Imposition.** A tax is imposed on all lawful gambling other than (1) pull-tab deals or games; (2) tipboard deals or games; and (3) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of 9 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 subd 2, see M.S.1998]

Subd. 3. **Collection; disposition.** Taxes imposed by this section other than in subdivision 4 are due and payable to the commissioner when the gambling tax return is required to be filed. Taxes imposed by subdivision 4 are due and payable to the commissioner on or before the last business day of the month following the month in which the taxable sale was made. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.8 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to 1.8 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.85 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February 2000 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270.76 from 90 days after the claim is filed.

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	1.8 percent of the amount over \$500,000, but not over \$700,000
Over \$700,000, but not over \$900,000	\$3,600 plus 3.6 percent of the amount over \$700,000, but not over \$900,000
Over \$900,000	\$10,800 plus 5.4 percent of the amount over \$900,000

[For text of subs 7 to 11, see M.S.1998]

History: 1999 c 243 art 7 s 5-8

297E.12 CIVIL PENALTIES.

[For text of subs 1 and 2, see M.S.1998]

Subd. 3. [Repealed, 1999 c 243 art 16 s 39]

[For text of subs 4 to 10, see M.S.1998]