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## **S.F. No. 1322 – Combined net receipts rates reduction (as proposed to be amended by the A-4 amendment)**

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**Section 1. Combined net receipts tax.** Modifies the tax imposed on the net receipts from the conduct of paper or electronic pull-tabs, tipboards, and electronic linked bingo. Reduces the first tier rate from nine to eight percent; the second tier rate from 18 to 16 percent; the third tier rate from 27 to 24 percent; and the fourth tier rate from 36 to 32 percent. Strikes an obsolete requirement for the commissioner to adjust the combined net receipts rates. Effective for games reported as played after June 30, 2021.

**Section 2. Determination of revenue increase.** Modifies the lawful gambling base amount in the current fiscal year and the three following fiscal years by an amount proportionate to the reduction in the combined net receipt tax rates. The change holds harmless the stadium general reserve account balance. Effective the day following final enactment.

**Section 3. Expenditure restrictions, requirements, and civil penalties.** Modifies the star rating thresholds for licensed charitable gambling organizations, which are evaluated every July 1 for the percentage of lawful purpose expenditures made compared to available gross profits. Under the bill, the star rating would be based on the ratio of lawful purpose expenditures to allowable expenses. Payments of various taxes and payments of fees to conduct lawful gambling in Minnesota are excluded from the calculation. Modifies the probation provision for charitable gambling organizations so that an organization that had gross receipts of more than \$750,000 in a fiscal year and spent less than 20 percent of its annual total allowable expenses on lawful purposes would be on probation on July 1 for a year. Effective July 1, 2021.