

S.F. No. 1982 – Private letter ruling program establishment

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Section 1. Subd. 1. Program established. Requires the commissioner of revenue to establish a program to issue private letter rulings to taxpayers to provide guidance on how the commissioner will apply tax laws to specific situations, transactions, or arrangements that apply to the taxpayer.

Subd. 2. Application procedure; fees. Requires the commissioner to establish an application procedure and forms to request a private letter ruling. Authorizes the commissioner to establish a fee schedule, capped at an unspecified amount, to cover the department's costs of preparing rulings. The commissioner must refund the fee if a ruling is not issued within 90 days of the taxpayer filing a complete application. Appropriates fees to a special revenue fund to offset costs of the private letter ruling program and related administrative costs.

Subd. 3. Effect. Provides that a private letter ruling is binding on the commissioner if there was no misstatement or omission of material facts in the application; the facts that subsequently developed were not materially different from the facts on which the ruling was based; applicable state and federal rules and laws have not changed; and the taxpayer acted in good faith in applying for and relying on the ruling. Private letter rulings have no precedential effect and may not be relied upon by a taxpayer other than the taxpayer requesting the ruling.

Subd. 4. Public access. Requires the commissioner to make rulings available and searchable on the department's website. Rulings must be organized by tax type. Identifying information must be redacted.

Subd. 5. Legislative report. Requires the commissioner to issue a report to the legislature by January 31 of each odd-numbered year, with the first report required by January 31, 2024. The report must contain the number of applications for private letter rulings; the number of rulings issued, including the number issued within 90 days; the amount of application fees refunded by tax type; the tax types for which rulings were requested; the types and characteristics of taxpayers requesting rulings; and any other relevant information.

Effective the day following final enactment, except that the first legislative report under subdivision 5 is due January 24.