

S.F. No. 197 – Lawful gambling organizations annual audit requirement modification – as amended by the A-2 amendment

Author: Senator Bruce D. Anderson

Prepared by: Stephanie James, Senate Counsel (651/296-0103)

Date: March 8, 2022

Section 1 [297E.06, subd. 4; Commissioner required audits; annual, certified inventory, and cash count] modifies a requirement in the tax statutes for annual financial audits for organizations with a threshold amount of gambling in two ways. First, this section changes the threshold for applicability of this section from \$750,000 in gross receipts to \$750,000 in revenue, where revenue is defined to be gross receipts less prizes paid. This makes this requirement analogous to a requirement for submission of audited financial statements to the attorney general in another section of law. Second, for organizations that are required to submit audited financial statements annually to the attorney general, the requirement of this section is met by providing a copy to the commissioner of revenue.

This section expands the authority of the commissioner of revenue to require a financial audit. Under current law the commissioner may require a financial audit for organizations that have gross receipts of less than \$750,000 annually; this section extends that authority to require audits of organizations regardless of their gross receipts. Makes conforming changes.

This section is effective July 1, 2022.

Section 2 [309.53, subd. 3; Financial statement requirements; audited financial statements; exceptions] specifies how revenue is to be computed, for purposes of determining whether the threshold of \$750,000 in revenue over twelve months is met to trigger the requirement for an annual audited financial statement. Revenue is to be computed by subtracting prizes paid from gross receipts.

This section is effective July 1, 2022.