

MINNESOTA • REVENUE

December 1, 2014

Sent by Email

Governor Mark Dayton
Michele Timmons, Revisor of Statutes
Greg Hubinger, Director, Legislative Coordinating Commission
Senator Rod Skoe, Chair, Senate Tax Committee
Senator Julianne E. Ortman, Ranking Minority Member, Senate Tax Committee
Representative Ann Lenczewski, Chair, House Tax Committee
Representative Greg Davids, Republican Lead, House Tax Committee
Senator Ann H. Rest, Senate Tax Reform Division, Senate Tax Committee
Senator Dave Thompson, Senate Tax Reform Division, Senate Tax Committee
Senator Richard Cohen, Chair, Senate Finance Committee
Senator Michelle L. Fischbach, Ranking Minority Member, Senate Finance Committee
Representative Lyndon Carlson Sr., Chair, House Ways and Means Committee
Representative Mary Liz Holberg, Republican Lead, House Ways & Means Committee
Representative Mary Murphy, Chair, House State Government Finance and Veterans Affairs Committee
Representative Bob Dettmer, Republican Lead, House State Government Finance and Veterans Affairs Committee
Senator Sandra L. Pappas, Chair, Senate State and Local Government Committee
Senator Dan D. Hall, Ranking Minority Member, Senate State and Local Government Committee
Senator Tom Saxhaug, Chair, Senate State Departments and Veterans Division
Senator Roger C. Chamberlain, Ranking Minority Member, Senate State Departments and Veterans Division
Representative Jim Davnie, Chair, House Property and Local Tax Division
Representative Paul Torkelson, Republican Lead, House Property and Local Tax Division

Annual Report on Obsolete, Unnecessary, or Duplicative Rules, as Required by Minnesota Statutes, Section 14.05, Subdivision 5

Minnesota Statutes, section 14.05, subdivision 5, directs the Department of Revenue to report to you by December 1 of each year whether any of its rules are obsolete, unnecessary, or duplicative of other state or federal statutes or rules.

The rules of the Minnesota Department of Revenue fall within Chapters 8001 through 8175 of the Minnesota Rules. In addition, the Department of Revenue is responsible for Chapter 1950, the Minnesota State Board of Assessors' rules. The Department continues with an ongoing process to review all of its rules, to repeal obsolete and duplicative provisions, clarify current language and to recommend clean-up language.

Corporate Franchise Taxes:

As previously stated in this report, the Department of Revenue has concluded that Part 8017.6000, which is obsolete because it was promulgated under statutory language that has been repealed, should be repealed. The Department is considering how best to accomplish this. The Department stated in this report last year that Part 8007.0200 should be repealed. Part 8007.0200 was repealed in Laws 2014, chapter 308, article 9, section 94. The Department has reviewed the remainder of the Corporate Franchise Tax Rules and found no other rules in these chapters that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Income Taxes:

The Department of Revenue has reviewed Chapter 8002 and found as follows: Part 8002.0200, subpart 4, should be repealed as duplicative. The Department is considering how best to accomplish this. Subpart 4 provides an exclusion from gross income of income earned by nonresidents for military service performed in Minnesota. Since this income is exempt under Minn. Stat. § 290.01, subd. 19b (14), and by operation of federal law under 50

U.S.C. App. § 571 (e), this rule is duplicative. The Department has reviewed the remainder of the Income Tax Rules and found no other rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Withholding Taxes:

The Department of Revenue has reviewed the Withholding Tax Rules and found no rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Sales & Use Taxes:

The Department of Revenue has reviewed Chapter 8130 and found that Part 8130.9910 relating to the taxation of computer software is obsolete and should be repealed. The Department is considering how best to accomplish this. The Department has reviewed the remainder of the Sales Tax Rules and found no other rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Property Equalization, Ad Valorem Taxes, Utilities:

The Department of Revenue stated in this report last year that Part 8100.0800 [Phase-in] is obsolete. Part 8100.0800 was repealed in Laws 2014, chapter 308, article 9, section 94. The Department found no other rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Ad Valorem Tax, Valuation and Assessment of Railroads:

The Department of Revenue has reviewed Chapter 8106 and found no rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Certificate of Real Estate Value:

The Department of Revenue has reviewed Chapter 8110 and found no rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Cigarette and Tobacco Product Taxes:

The Department of Revenue reviewed Chapter 8120 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Metropolitan Solid Waste Landfill Fee:

The Department of Revenue reviewed Chapter 8121 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Lawful Gambling Tax:

The Department of Revenue reviewed Chapter 8122 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Petroleum Tax:

The Department of Revenue reviewed Chapter 8125 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Minnesota State Board of Assessors:

As stated above, the Department of Revenue is responsible for Chapter 1950, the Minnesota State Board of Assessors' rules. The Department reviewed Chapter 1950 and found no rules in this chapter that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Tax Administration and Miscellaneous Provisions:

The Department of Revenue reviewed Chapters 8160, 8165, 8170, and 8175, and found no rules in these chapters that were obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Continuing Process:

The Department of Revenue has reviewed its rules and found no others that have become obsolete, unnecessary, or duplicative over the course of the last year.

Please contact me if you have any questions regarding this report or if I can provide further assistance.

Sincerely,



Jennifer Newlun
Rules Coordinator
Appeals and Legal Services Division
(651) 556-4077
jennifer.newlun@state.mn.us

cc: Terese Mitchell, Director, Appeals and Legal Services, Department of Revenue
Cynthia Bauerly, Deputy Commissioner, Department of Revenue
Paul Cumings, Manager for Tax Policy, Department of Revenue
Amy Hang, Policy Coordinator, Office of Governor Mark Dayton
Allison Jones, Policy Advisor, Office of Governor Mark Dayton
Jamie Hyland, Coordinator, Legislative Coordinating Commission
Reed Polakowski, Legislative Reference Library