

## MINNESOTA • REVENUE

November 23, 2016

Governor Mark Dayton

Greg Hubinger, Director  
Legislative Coordinating Commission

Paul Marinac  
Revisor of Statutes

Policy and Funding Committees and Divisions with  
Jurisdiction over the Minnesota Department of Revenue

[A complete email address list of recipients is located at the end of this letter.]

**Re: 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:**

In previous reports, the Department of Revenue had concluded that Part 8017.6000 should be repealed. The Department will further study this rule. 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in these chapters that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.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reviewed Chapter 8002 and found that Part 8002.0200, subpart 4, is duplicative of statutory provisions and should be repealed. 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. § 290.0132, subd. 15, and by operation of federal law under 50 U.S.C. App. § 571(e) (Servicemembers Civil Relief Act), 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rules in this chapter that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.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 has reviewed Chapter 8100 and found that Part 8100.0700 is obsolete and should be repealed. The Department is considering how best to accomplish this. The methodology provided in Part 8100.0700 for completing the Commercial and Industrial Assessment/Sales Ratio study conflicts with statutory requirements. It is no longer used in the calculation of these assessment/sales ratios. The Department of Revenue has reviewed the remainder of Chapter 8100 and 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 that Part 8106.0800 is obsolete and should be repealed. The Department is considering how best to accomplish this. Part 8106.0800 requires the Commissioner to equalize railroad property values and compute an assessment/sales ratio study. The methodology provided in Chapter 8106 conflicts with statutory requirements. It is no longer used in the calculation of these assessment/sales ratios. The Department of Revenue has reviewed the remainder of Chapter 8106 and found no other 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:**

Minnesota Rule Part 8121.0300, subp. 1, is duplicative of statutory provisions, with obsolete rates, and should be repealed. The Department is considering how best to accomplish this. The rule merely informs the reader of the rates for the metropolitan solid waste landfill fee, which are otherwise clearly stated in Minn. Stat. § 473.843, subd. 1. Additionally, section 473.843 has been amended since the Rule was promulgated so the rates in the Rule are no longer correct.

**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 they are not obsolete, unnecessary, or duplicative of statutory provisions, and therefore should not 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,



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