



Obsolete, Unnecessary, or Duplicative Rules Annual Report

Reporting Period: 2020

December 1, 2020

Minnesota Department of Revenue

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December 1, 2020

The Honorable Tim Walz
Governor of Minnesota
130 State Capitol

Ryan Inman
Revisor of Statutes
700 State Office Building

The Honorable Melissa Hortman
Vice Chair, Legislative Coordinating Commission
463 State Office Building

The Honorable Jeremy Miller
Chair, Legislative Coordinating Commission
3107 Minnesota Senate Building

The Honorable Lyndon Carlson, Sr.,
Chair, House Ways and Means Committee
479 State Office Building

The Honorable Roger C. Chamberlain
Chair, Senate Taxes Committee
3225 Minnesota Senate Building

The Honorable Pat Garofalo
Minority Lead, House Ways and Means Committee
295 State Office Building

The Honorable Ann H. Rest
Minority Lead, Senate Taxes Committee
2217 Minnesota Senate Building

The Honorable Michael Nelson
Chair, House State Government Finance
Committee
585 State Office Building

The Honorable Julie A. Rosen
Chair, Senate Finance Committee
2113 Minnesota Senate Building

The Honorable Tony Albright
Minority Lead, House State Government Finance
Committee
259 State Office Building

The Honorable Richard Cohen
Minority Lead, Senate Finance Committee
2301 Minnesota Senate Building

The Honorable Paul Marquart
Chair, House Taxes Committee
597 State Office Building

The Honorable Mary Kiffmeyer
Chair, Senate State Government Finance and Policy
and Elections Committee
3103 Minnesota Senate Building

The Honorable Greg Davids
Minority Lead, House Taxes Committee
283 State Office Building

The Honorable Jim Carlson
Minority Lead, Senate State Government Finance and
Policy and Elections Committee
2207 Minnesota Senate Building

The Honorable Andrew Carlson
Chair, House Property and Local Government
Finance Division
557 State Office Building

The Honorable Dan D. Hall
Chair, Senate Local Government Committee
3111 Minnesota Senate Building

The Honorable Jerry Hertaus
Minority Lead, House Property and Local
Government Finance Division
389 State Office Building

The Honorable Patricia Torres Ray
Minority Lead, Senate Local Government Committee
2225 Minnesota Senate Building

Dear Governor Walz, Director Weber, Revisor Inman, and Committee Members:

Minnesota Statute, 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 Minnesota Department of Revenue falls 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 to review all its rules, to repeal obsolete and duplicative provisions, clarify current language and recommend clean-up language. This report yields these results after a diligent review of the relevant resources:

Corporate Franchise Taxes:

The Department of Revenue reviewed Chapter 8034 and found no rules that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Income Taxes:

In the previous report dated November 25, 2019, the Department of Revenue reviewed Chapter 8002 and found that Part 8002.0200, subpart 4, is duplicative of statutory provisions and should be repealed. The Department will accomplish this through obsolete rulemaking. We anticipate the project will be completed by Spring 2021.

In the previous report dated November 25, 2019, the Department of Revenue reviewed Chapter 8001 and found that Part 8001.0300, subpart 3, item Q conflicts with statutory provisions, and item Z is duplicative of statutory provisions, and both should be repealed. The Department is continuing to consider how best to accomplish this and the time frame to accomplish this task.

The Department has reviewed the remainder of the Chapters 8001, 8002, 8020, 8038, 8050, and 8093 and found no other rules in these chapters that are obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Withholding Taxes:

The Department of Revenue reviewed Chapter 8092 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 reported in 2018 that it reviewed Chapter 8130 and found Part 8130.9910 relating to the taxation of computer software is obsolete and should be repealed. In the previous report dated November 25, 2019, the department concluded that the better course was to amend the rule, and started that process. The department plans to publish its proposed rule and notice of intent to adopt by the end of 2020.

In the previous report dated November 25, 2019, the Department of Revenue reviewed Chapter 8130 and found that Part 8130.7500 relating to recordkeeping has provisions which are now obsolete, and subpart 3 discussing consolidated returns duplicates Minn. Stat. section 289A.11. The department reported it had begun the process of promulgating a new rule to repeal and replace Part 8130.0750. The new rule will modernize terms and clarify expectations regarding recordkeeping. The department anticipates publishing the proposed rules in 2021.

The Department of Revenue reviewed Chapter 8130 and found that these rules contain references to statutory citations that were repealed due to a recodification of Minnesota Statutes chapter 297A and therefore need to be updated:

- Part 8130.5500, subparts 1, 2, 3a, 4a, 5a, 7, 8, 9, 12 and 13
- Part 8130.8100, subparts 1, 2 and 3
- Part 8130.8800, subpart 3
- Part 8130.8900, subpart 1

The department will consider how best to update these rules to reflect the new citations.

The Department of Revenue reviewed the remainder of Chapter 8130 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 reviewed Chapter 8100 and found no 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:

In the previous report dated November 25, 2019, the Department of Revenue reviewed Chapter 8106 and found that Part 8106.0800 is obsolete and should be revised or repealed. The department

continues to consider how best to accomplish this. The department 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 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 that 8121.0300, subpart 1 contained obsolete rates that should be addressed. The rule was amended by the department through the Good Cause Exempt process outlined in Minnesota Statutes 14.388, and the order to adopt the amended changes was published in the Minnesota State Register and effective as of December 30, 2019.

The Department of Revenue reviewed the remainder of Chapter 8121 and found no other rules in this chapter that are 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 Part 8122.0550, subpart 3 references form G-7430, which is no longer used by the Department. The Department also found Part 8122.0550 subparts 4, 5, and 7 refer to Schedule B, which is no longer used by the Department. The department will amend these subparts to remove references to the obsolete forms. The department submitted its request to amend these rule parts to the Office of Administrative Hearings on October 26, 2020, and anticipates that they will be published in the State Register by December 31, 2020.

The department reviewed the remainder of Chapter 8122 and found no other rules in this chapter that are 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:

The Department of Revenue 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:

In the previous report dated November 25, 2019, the Department of Revenue reviewed Chapter 8160, and found that Part 8160.0500 needs to be updated to reflect the way a taxpayer can qualify for innocent spouse relief under Minnesota Statute, section 289A.31 subd. 2(a). Additionally, Part 8160.0620, subpart 1, item B is obsolete and should be repealed. The department is considering how best to accomplish this.

The Department of Revenue reviewed Chapter 8165, and found that Part 8165.0300 subp. 3 references Minnesota Statute, section 290.067, subdivision 2a for the definition of the word “income.” Minnesota Statute, section 290.067, subd. 2a was repealed in 2018, and therefore the reference should be repealed. The department is considering how best to accomplish this.

The Department of Revenue reviewed Chapter 8175 and found that Part 8175.0100 contains references to statutes whose citations have been modified and are no longer accurate. The Department will consider how best to update this rule to reflect the new citations.

The Department of Revenue reviewed the remainder of Chapters 8160, 8165, 8170, and 8175, and found they are not obsolete, unnecessary, or duplicative of statutory provisions, such that they should be repealed.

Continuing Process:

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

Cost of Report:

In compliance with Minnesota Statute §3.197, the cost of preparing this report is \$550.00, which consists of staff time for the review of rules, legal research, and the time to complete this report.

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

Sincerely,

Celeste Marin

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