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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2945

03/16/2023 Authored by Franson
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; repealing June accelerated liability for the mortgage registry
1.3 tax, deed tax, cigarette and tobacco taxes, and alcohol excise taxes; amending
1.4 Minnesota Statutes 2022, sections 287.12; 287.29, subdivision 1; 297F.09,
1.5 subdivisions 1, 2; 297F.25, subdivision 2; repealing Minnesota Statutes 2022,
1.6 sections 287.31, subdivision 3; 297F.09, subdivision 10; 297G.09, subdivision 9.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 287.12, is amended to read:

1.9 287.12 TAXES, HOW APPORTIONED.

1.10 (a) All taxes paid to the county treasurer under the provisions of sections 287.01 to
1.11 287.12 must be apportioned, 97 percent to the general fund of the state, and three percent
1.12 to the county revenue fund.

1.13 (b) On or before the 20th day of each month the county treasurer shall determine and
1.14 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
1.15 fund the state's portion of the receipts from the mortgage registry tax during the preceding
1.16 month subject to the electronic payment requirements of section 270C.42. The county
1.17 treasurer shall provide any related reports requested by the commissioner of revenue.

1.18 (c) ~~Counties must remit the state's portion of the June receipts collected through June~~
1.19 ~~25 and the estimated state's portion of the receipts to be collected during the remainder of~~
1.20 ~~the month to the commissioner of revenue two business days before June 30 of each year.~~
1.21 ~~The remaining amount of the June receipts is due on August 20.~~

1.22 EFFECTIVE DATE. This section is effective the day following final enactment.

2.1 Sec. 2. Minnesota Statutes 2022, section 287.29, subdivision 1, is amended to read:

2.2 Subdivision 1. **Appointment and payment of tax proceeds.** (a) The proceeds of the
2.3 taxes levied and collected under sections 287.21 to 287.385 must be apportioned, 97 percent
2.4 to the general fund of the state, and three percent to the county revenue fund.

2.5 (b) On or before the 20th day of each month, the county treasurer shall determine and
2.6 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
2.7 fund the state's portion of the receipts for deed tax from the preceding month subject to the
2.8 electronic transfer requirements of section 270C.42. The county treasurer shall provide any
2.9 related reports requested by the commissioner of revenue.

2.10 ~~(c) Counties must remit the state's portion of the June receipts collected through June
2.11 25 and the estimated state's portion of the receipts to be collected during the remainder of
2.12 the month to the commissioner of revenue two business days before June 30 of each year.
2.13 The remaining amount of the June receipts is due on August 20.~~

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.15 Sec. 3. Minnesota Statutes 2022, section 297F.09, subdivision 1, is amended to read:

2.16 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of
2.17 each calendar month, a distributor with a place of business in this state shall file a return
2.18 with the commissioner showing the quantity of cigarettes manufactured or brought in from
2.19 outside the state or purchased during the preceding calendar month and the quantity of
2.20 cigarettes sold or otherwise disposed of in this state and outside this state during that month.
2.21 A licensed distributor outside this state shall in like manner file a return showing the quantity
2.22 of cigarettes shipped or transported into this state during the preceding calendar month. The
2.23 commissioner shall prescribe the content, format, and manner of returns pursuant to section
2.24 270C.30, and the returns must contain any other information required by the commissioner.
2.25 The return must be accompanied by a remittance for the full unpaid tax liability shown by
2.26 it. ~~For distributors subject to the accelerated tax payment requirements in subdivision 10,
2.27 the return for the May liability is due two business days before June 30th of the year and
2.28 the return for the June liability is due on or before August 18th of the year.~~

2.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.30 Sec. 4. Minnesota Statutes 2022, section 297F.09, subdivision 2, is amended to read:

2.31 Subd. 2. **Monthly return; tobacco products distributor.** On or before the 18th day of
2.32 each calendar month, a distributor with a place of business in this state shall file a return

3.1 with the commissioner showing the quantity and wholesale sales price of each tobacco
3.2 product:

3.3 (1) brought, or caused to be brought, into this state for sale; and

3.4 (2) made, manufactured, or fabricated in this state for sale in this state, during the
3.5 preceding calendar month.

3.6 Every licensed distributor outside this state shall in like manner file a return showing
3.7 the quantity and wholesale sales price of each tobacco product shipped or transported to
3.8 retailers in this state to be sold by those retailers, during the preceding calendar month.

3.9 Returns must be made in the form and manner prescribed by the commissioner and must
3.10 contain any other information required by the commissioner. The return must be accompanied
3.11 by a remittance for the full tax liability shown. ~~For distributors subject to the accelerated~~
3.12 ~~tax payment requirements in subdivision 10, the return for the May liability is due two~~
3.13 ~~business days before June 30th of the year and the return for the June liability is due on or~~
3.14 ~~before August 18th of the year.~~

3.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.16 Sec. 5. Minnesota Statutes 2022, section 297F.25, subdivision 2, is amended to read:

3.17 Subd. 2. **Payment.** Each taxpayer must remit payments of the taxes to the commissioner
3.18 on the same dates prescribed under section 297F.09, subdivision 1, for cigarette tax returns;
3.19 ~~including the accelerated remittance of the June liability.~~

3.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.21 Sec. 6. **REPEALER.**

3.22 Minnesota Statutes 2022, sections 287.31, subdivision 3; 297F.09, subdivision 10; and
3.23 297G.09, subdivision 9, are repealed.

3.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

287.31 VIOLATIONS; CIVIL PENALTIES.

Subd. 3. **Underpayments of accelerated payment of June tax receipts.** If a county fails to timely remit the state portion of the actual June tax receipts at the time required by section 287.12 or 287.29, the county shall pay a penalty equal to ten percent of the state portion of actual June receipts less the amount remitted to the commissioner of revenue in June. The penalty must not be imposed, however, if the amount remitted in June equals either:

- (1) 90 percent of the state's portion of the preceding May's receipts; or
- (2) 90 percent of the average monthly amount of the state's portion for the previous calendar year.

297F.09 RETURNS; PAYMENT OF TAX.

Subd. 10. **Accelerated tax payment.** A cigarette distributor, tobacco products distributor, retailer, or out-of-state retailer having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar year 2021, the distributor shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals:

- (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that calendar year or 87.5 percent of the May liability for that calendar year; or
- (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent of the actual June liability for that calendar year or 84.5 percent of the May liability for that calendar year.

297G.09 RETURNS; PAYMENT OF TAX.

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of calendar year 2021, the taxpayer shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals:

- (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that calendar year or 87.5 percent of the May liability for that calendar year; or
- (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent of the actual June liability for that calendar year or 84.5 percent of the May liability for that calendar year.