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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 441

January 29, 2007

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The bill was read for the first time and referred to the Committee on Environment and Natural Resources

1.1 A bill for an act
1.2 relating to the state lottery; modifying the distribution of the net proceeds and
1.3 the in-lieu tax; amending Minnesota Statutes 2006, sections 297A.94; 349A.10,
1.4 subdivision 5.

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

1.6 Section 1. Minnesota Statutes 2006, section 297A.94, is amended to read:

1.7 **297A.94 DEPOSIT OF REVENUES.**

1.8 (a) Except as provided in this section, the commissioner shall deposit the revenues,
1.9 including interest and penalties, derived from the taxes imposed by this chapter in the state
1.10 treasury and credit them to the general fund.

1.11 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
1.12 account in the special revenue fund if:

1.13 (1) the taxes are derived from sales and use of property and services purchased for
1.14 the construction and operation of an agricultural resource project; and

1.15 (2) the purchase was made on or after the date on which a conditional commitment
1.16 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

1.17 The commissioner of finance shall certify to the commissioner the date on which the
1.18 project received the conditional commitment. The amount deposited in the loan guaranty
1.19 account must be reduced by any refunds and by the costs incurred by the Department of
1.20 Revenue to administer and enforce the assessment and collection of the taxes.

1.21 (c) The commissioner shall deposit the revenues, including interest and penalties,
1.22 derived from the taxes imposed on sales and purchases included in section 297A.61,
1.23 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
1.24 as follows:

2.1 (1) first to the general obligation special tax bond debt service account in each fiscal
2.2 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

2.3 (2) after the requirements of clause (1) have been met, the balance to the general
2.4 fund.

2.5 (d) The commissioner shall deposit the revenues, including interest and penalties,
2.6 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
2.7 general fund. By July 15 of each year the commissioner shall transfer to the highway user
2.8 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
2.9 subdivision 5, for the previous calendar year.

2.10 (e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent;
2.11 ~~and for fiscal year 2004 and thereafter~~ through fiscal year 2007, 72.43 percent; and
2.12 for fiscal year 2008 and thereafter 100 percent of the revenues, including interest and
2.13 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
2.14 the commissioner in the state treasury as follows:

2.15 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
2.16 in the game and fish fund, and may be spent only on activities that improve, enhance, or
2.17 protect fish and wildlife resources, including conservation, restoration, and enhancement
2.18 of land, water, and other natural resources of the state;

2.19 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
2.20 may be spent only for state parks and trails;

2.21 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
2.22 may be spent only on metropolitan park and trail grants;

2.23 (4) three percent of the receipts must be deposited in the natural resources fund, and
2.24 may be spent only on local trail grants; and

2.25 (5) two percent of the receipts must be deposited in the natural resources fund,
2.26 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
2.27 Conservatory, and the Duluth Zoo.

2.28 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
2.29 for traditional sources of funding for the purposes specified, but the dedicated revenue
2.30 shall supplement traditional sources of funding for those purposes. Land acquired with
2.31 money deposited in the game and fish fund under paragraph (e) must be open to public
2.32 hunting and fishing during the open season, except that in aquatic management areas or
2.33 on lands where angling easements have been acquired, fishing may be prohibited during
2.34 certain times of the year and hunting may be prohibited. At least 87 percent of the money
2.35 deposited in the game and fish fund for improvement, enhancement, or protection of fish
2.36 and wildlife resources under paragraph (e) must be allocated for field operations.

3.1 **EFFECTIVE DATE.** This section is effective for revenues collected after June
 3.2 30, 2007.

3.3 Sec. 2. Minnesota Statutes 2006, section 349A.10, subdivision 5, is amended to read:

3.4 Subd. 5. **Deposit of net proceeds.** Within 30 days after the end of each month, the
 3.5 director shall deposit in the state treasury the net proceeds of the lottery, which is the
 3.6 balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery
 3.7 operations account. Of the net proceeds, 40 percent must be credited to the Minnesota
 3.8 environment and natural resources trust fund and the remainder must be ~~credited to the~~
 3.9 ~~general fund~~ deposited as follows:

3.10 (1) 44 percent of the proceeds must be deposited to the heritage enhancement
 3.11 account in the game and fish fund and may be spent only to improve, enhance, or protect
 3.12 the state's fish, wildlife, habitat, and fish and wildlife tourism;

3.13 (2) 28 percent of the proceeds must be deposited in the natural resources fund and
 3.14 may be spent only on parks, trails, and zoos in the state; and

3.15 (3) 28 percent of the proceeds must be deposited in the clean water legacy account
 3.16 and may be spent only on protection and restoration of the states, lakes, rivers, streams,
 3.17 wetlands, and groundwater.

3.18 **EFFECTIVE DATE.** This section is effective beginning with net proceeds collected
 3.19 after June 30, 2007.