

April 20, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 5045 (Pratt) As Proposed to be Amended (SCS5045A-1)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$0	(\$2,000)	(\$2,000)	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: The combined net receipts tax is imposed on lawful gambling organizations' net receipts after prizes from pull-tabs (paper and electronic), non-sports-themed tipboards, and electronic linked bingo games. In addition, one percent of total gambling revenues each year is appropriated to the Department of Human Services to address problem gambling. All revenues derived from lawful gambling are deposited in the General Fund.

Proposed Law: For fiscal years 2027 and 2028 only, \$2,000,000 of revenue deposited in the general fund from electronic pull-tab games is annually appropriated to the Minnesota Racing Commission. The commission must use these funds to supplement purses for races conducted exclusively for Minnesota-bred Thoroughbreds and to provide grants, loans, and other financial incentives to breeders and owners. This appropriation is intended to promote, support, and expand the Minnesota-bred Thoroughbred industry and to encourage the breeding and racing of Thoroughbreds within the state.

REVENUE ANALYSIS DETAIL

- Electronic pull-tabs are the largest share of combined net receipts, accounting for 53% in fiscal year 2025 according to the February 2026 forecast.
- Regular pull-tabs account for 44% of combined net receipts in fiscal year 2025.
- Revenue from electronic pull-tabs is projected to grow steadily over fiscal years 2026 through 2029.

Number of Taxpayers:

1,165 charitable organizations paid combined net receipts taxes in FY25.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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