

Members,

Ray Bohn (ACM Lobbyist) and I need your help. Our primary goal at ACM for the upcoming legislative session which starts March, 8th is tax relief.

We are already speaking with legislators about our proposal for tax relief. Our proposed relief made the House version of the tax bill last year; it did not make the Senate version. As there was no tax bill last session, we are still very much in the mix.

Below you will find talking points to use with your senator and representative along with an attached financial recap of the past fiscal year in charitable gaming. What you will see is that we had another great year. Volume was up 9%, but taxes to the state increased 14% due to the combined receipts tax and charities moving into higher tax brackets. We paid into the state coffers over \$49.4 million, which is up from \$43.3 million the previous fiscal year.

Attached you will also find phone numbers for all of your elected senators and representatives. Whether you call them, e-mail them, write them or see them in the district you need to let them know that you need their support in this effort. Here is a link to find out who represents you if you do not already have that information.
<http://www.gis.leg.mn/OpenLayers/districts/>

It is **critical** that you let your legislators know what tax relief would mean to *your organization*. There is no substitute for a legislator than personal contact and perspective from a constituent. Be respectful, but state your case clearly and with conviction.

How we get tax relief is not as important as getting the tax relief. Whether it comes in the form of fewer brackets, higher bracket triggers or the idea from a member of the ACM Policy Committee that lawful purpose donations are not taxed, the goal is to cap our tax payments to the state at \$35 million annually. That amount would cover the annual amount needed for the stadium.

Our detractors will say that giving us tax relief is too complicated and given the health of our business, unnecessary. The health of our business has no correlation to our need for tax relief. We understand paying state taxes, but not at the disproportionate level that we are currently paying.

Not getting to deduct any expenses prior to determining our tax liability and paying taxes on our lawful purpose donations are only two examples of how charitable gambling organizations are singled out for unfair tax treatment. I know that we can figure out how to execute tax relief for charities (no matter what form it takes). Those details can be worked out very quickly. The important thing that any tax relief would go directly to our bottom lines for our missions – the millions of dollars we donate in and to our local communities.

When Ray and I step into the legislative fray on March 8, we need to hear from *every single legislator* that he or she got the message loud and clear from the charitable gambling organizations in their district; the message that tax relief for licensed gaming non-profits must be a priority this year. If that happens, you will be able to hear a loud YAHOO from me in every corner of our great state.

Regards,

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Talking points for tax relief:

The combined receipts taxes for licensed gaming charities range from 9 to 36%. The average annual rate for all charities combined is 22% and the average annual rate for a single charity in a calendar year can go as high as 35%.

Expenses average 51% of every dollar we take to the bank and we get to deduct no expenses from our tax liability. No other business that we know of that operates in Minnesota does not get to deduct expenses. A majority of our expenses stay in our communities in the form of wages to our employees and rent to our non-owned sites.

We pay state taxes on our donations. The AED (a decent one will set you back \$1500) that the local fire relief association purchases to save lives in their community costs them on average an additional \$330 because they have to pay state taxes on the \$1500. Paying taxes on good works is something that people not familiar with us have a hard time believing.

Nobody that we can find that does business in Minnesota pays more in taxes than non-profit licensed gaming charities.

We have no reason to save money for anything other than large ticket items such as fire trucks and ice arenas. Money not distributed at the end of the fiscal year is otherwise subject to both state and federal tax. We do not feather our own nests, we help others build theirs.

We did not ask to be charged with paying for a new Vikings stadium, but we are trying to make lemonade out of lemons. We are willing to pay for the entire stadium bill each year (\$35 million), but ask that our tax contribution be capped there. In fiscal year 2015 we paid the state over \$49 million in taxes. A reduction of \$14 million in taxes would go directly to our bottom line for missions.

We are non-profit groups that are run by a majority of people whom their organization work is not their day job. We do this work for the love of our organizations and for the love of our communities. We are not getting rich on this. Treating us like we are for profit companies is a great disservice to us and the work that we do.

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