

MINNESOTA • REVENUE

November 24, 2008

Governor Tim Pawlenty

Greg Hubinger, Director
Legislative Coordinating Commission

08 - 0966

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State Government Finance Div.—House Finance
Committee

Re: Annual Report on Obsolete, Unnecessary, or Duplicative Rules, as Required
by Minnesota Statutes, Section 14.05, Subdivision 5

Dear Governor Pawlenty, et al.:

Minnesota Statutes, section 14.05, subdivision 5, states, in part: "By December 1 of each year, an agency must submit . . . a list of any rules or portions of rules that are obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules. By December 1, the agency must either report a timetable for repeal of the rule or portion of the rule, or must develop a bill for submission to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule. Such a bill must include proposed authorization to use the expedited procedures of section 14.389 to repeal or amend the obsolete, unnecessary, or duplicative rule. A report submitted under this subdivision must be signed by the person in the agency who is responsible for identifying and initiating repeal of obsolete rules. The report also must identify the status of any rules identified in the prior year's report as obsolete, unnecessary, or duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's December 1 report must state that conclusion. "

The rules of the Minnesota Department of Revenue fall 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 with an ongoing process to review all of its rules, to repeal obsolete and duplicative provisions, clarify current language and to recommend clean-up language.

Corporate Franchise Taxes:

We stated in this report for the last two years that the Department has concluded that Part 8017.6000, which is obsolete because it was promulgated under statutory language that has been repealed, should be repealed. The Department continues to consider how best to accomplish this.

Income Taxes:

Part 8009.3000 is partially obsolete. Most of the remainder of the rule is unnecessary or duplicative of statutory provisions. The Department is considering proposing legislation to repeal the rule, provided that a statutory change can be adopted to codify the provision in the rule that the Department believes should remain part of Minnesota law.

We stated in last year's report that the Department had concluded that Part 8031.0100, subpart 3, was partially obsolete, and the remainder is unnecessary or duplicative of statutory provisions, and Part 8093.2100 was obsolete. These provisions were repealed legislatively during the 2008 legislative session.

Withholding Taxes:

The Department of Revenue has reviewed the Withholding Tax Rules and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions such that they should be repealed.

Sales & Use Taxes:

Part 8130.8900 is in part obsolete, and in part unnecessary or duplicative of statute. The Department of Revenue originally intended to repeal, or alternatively to amend, this rule using the "good cause" exemption to the rule process, but is now reconsidering the best course. The Department continues to review various other sales & use tax rules which are in part obsolete to see if amendment or possible repeal would be the best course.

Property Equalization, Ad Valorem Taxes, Utilities:

The Department of Revenue has reviewed Chapter 8100 and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions.

Ad Valorem Tax, Valuation and Assessment of Railroads:

The Department of Revenue has reviewed Chapter 8106 and finds no rules that are obsolete, unnecessary, or duplicative of statutory provisions.

Certificate of Real Estate Value:

The Department of Revenue reviewed Chapter 8110 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Local Government Levy Limitations:

Chapter 8115 is marked in Minnesota Rules as obsolete. The Department of Revenue will propose that this chapter be repealed during the 2009 legislative session to avoid possible confusion and attempts to apply the old rules to the newer levy limits legislation.

Cigarette and Tobacco Product Taxes:

The Department of Revenue reviewed Chapter 8120 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Metropolitan Solid Waste Landfill Fee:

The Department of Revenue reviewed Chapter 8121 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Lawful Gambling Tax:

The Department of Revenue reviewed Chapter 8122 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Petroleum Tax:

The Department of Revenue reviewed Chapter 8125 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Minnesota State Board of Assessors:

As stated above, the Department of Revenue is responsible for Chapter 1950, the Minnesota State Board of Assessors' rules. The Department of Revenue reviewed Chapter 1950 and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

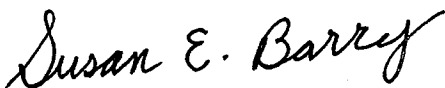
Tax Administration and Miscellaneous Provisions:

The Department of Revenue reviewed Chapters 8160, 8165, 8170, and 8175, and found no rules that were obsolete, unnecessary, or duplicative of statutory provisions.

Continuing Process:

At this time, we have identified no other specific Department of Revenue rules that are obsolete, unnecessary, or duplicative, such that they should be repealed. We will, however, continue our process of continually reviewing and updating current rules. If you have any questions regarding this report, please feel free to contact me.

Sincerely,



Susan E. Barry
Supervising Attorney/Rules Coordinator
Appeals & Legal Services Division
(651) 556-4062

cc: Terese Mitchell, Director, Appeals & Legal Services, Department of Revenue
Linda Moser, Legislative Liaison, Department of Revenue
Beth Kadoun, Assistant Commissioner, Tax Policy & External Affairs
Julian Plamann, Governor's Office
Legislative Reference Library