



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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June 11, 2010

1. Released: Pension Legislative Update
2. Revised: Statement of Position
3. Released: TIF Newsletter
4. Avoiding Pitfalls: Surety Deposits for Non-Minnesota Construction Contractors

1. Released: Pension Legislative Update

The 2010 Pension Legislative Update was released this week. The Update provides detailed information about several substantive law changes that may require a volunteer fire relief association to amend its bylaws. Sample bylaw provisions are included with the Update that can be used for reference purposes. In addition, flow charts are attached that illustrate how service pensions are calculated for members who return to active fire department service and relief association membership after retirement or a break in service. A sample beneficiary designation form is included. Also attached are examples of who would be eligible for a survivor benefit under different scenarios.

The Update is available on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=pensionDocs>.

2. Revised: Statement of Position

The Statement of Position Volunteer Fire Relief Member's Return to Service has been revised to reflect the change in law enacted by the 2010 legislature. To view the complete Statement, go to:

http://www.auditor.state.mn.us/other/Statements/firereliefmemberreturntoservice_0906_statement.pdf.

3. Released: TIF Newsletter

The June **TIF Newsletter** has been released. The Newsletter contains highlights of the technical amendments to the TIF Act enacted by the 2010 Legislature and information about a new online training session that covers how to use the State Auditor's Form Entry System successfully. To view the newsletter, go to:

<http://www.auditor.state.mn.us/default.aspx?page=tifDocs>.

4. Avoiding Pitfalls: Surety Deposits for Non-Minnesota Construction Contractors

Minnesota entities contracting for construction work with an out-of-state contractor must “deduct and withhold eight percent of cumulative calendar year payments to the contractor which exceed \$50,000.” Amounts withheld are deposited with the Commissioner of Revenue as a “surety to guarantee payment of income, franchise, withholding, and sales and use taxes of the contractor.”

This requirement may be waived by the Commissioner of Revenue. In order to obtain an exemption, the out-of-state contractor must obtain Department of Revenue approval by filing Form SDE, *Exemption from Surety Deposits for Non-Minnesota Contractors*. The form explains when an exemption may be approved.

The relevant statute is [Minn. Stat. §290.9705](#). For more information, see Withholding Fact Sheet 12, *Surety Deposits for Out-of-State Construction Contractors*, on the Minnesota Department of Revenue website at:

http://www.taxes.state.mn.us/taxes/withholding/tax_information/factsheets/wfs12.pdf.

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