



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Deadline: Forfeiture Reporting
2. FYI: Fire State Aid Work Group
3. Avoiding Pitfalls: Surety Deposits for Out-of-State Construction Contractors

1. Deadline: Forfeiture Reporting

November 20th is the deadline for law enforcement agencies to report final disposition of property seized subject to forfeiture for the month of October. To report final disposition of forfeitures, please go to:

<https://www.auditor.state.mn.us/safes/>.

2. FYI: Fire State Aid Work Group

A Fire State Aid Work Group is being pulled together by the Legislative Commission on Pensions and Retirement and other stakeholder groups. We understand the Work Group will be discussing the current statutory requirements on how fire state aid may be used in communities that have “combination” fire departments consisting of both volunteer (or paid-on-call) firefighters and paid full-time firefighters.

Specifically, the Work Group will discuss whether a change to current law should be sought to allow municipalities that have “combination” fire departments to retain a portion of the fire state aid to pay employer contributions to the Public Employees Retirement Association (PERA) on behalf of their full-time firefighters. Currently, all fire state aid received by the municipality must be transferred to the volunteer fire relief association or to the statewide volunteer firefighter retirement plan administered by PERA.

The first meeting of the Work Group is scheduled for Monday, November 27 at 10:00 a.m. The meeting will be held at the PERA offices at 60 Empire Drive in St Paul. The OSA has been asked to attend the meetings to serve as a resource and to provide data.

3. Avoiding Pitfalls: Surety Deposits for Out-of-State 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 Minnesota 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 form is available for download from the Department of Revenue’s website at:

http://www.revenue.state.mn.us/Forms_and_Instructions/sde.pdf.

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

<http://www.revenue.state.mn.us/businesses/withholding/factsheets/FactSheet12.pdf>.

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