TAX - MINNESOTA

Phone Recovery Services, LLC on behalf of State v. Qwest Corporation

Court of Appeals of Minnesota - August 7, 2017 - N.W.2d - 2017 WL 3378870

Plaintiff brought qui tam action under Minnesota False Claims Act (MFCA) against various telecommunications service providers, arising out of collection of charges assessed for 911 services, Telecommunications Access Minnesota (TAM), and Telephone Access Plan (TAP).

The District Court granted defendants' motion to dismiss, and plaintiff appealed.

As matter of first impression, the Court of Appeals held that:

- Charges assessed for 911 services, TAM, and TAP were "taxes," and thus, statutes that required defendants to collect and remit those funds were "Minnesota statutes relating to taxation" not subject to MFCA, and
- Application of statutory definition of "tax" to charges, resulting in bar against qui tam action, did not impermissibly nullify MFCA liability for reverse false claims.

Charges assessed for 911 services, Telecommunications Access Minnesota (TAM) that provided devices and services to persons with communication disabilities, and Telephone Access Plan (TAP) that provided telephone assistance to low income individuals, were "taxes," and thus, statutes that required telecommunications service providers to collect and remit those funds were "Minnesota statutes relating to taxation" not subject to Minnesota False Claims Act; "tax" was statutorily defined as "fee, charge, exaction, or assessment imposed by a governmental entity on an individual," "tax" did not include "prices voluntarily paid by customers in return for receipt of governmental goods or services," charges were collected by Department of Public Safety, they were broadly imposed on customers who purchased telecommunications access lines and were not to tied to individual's use of services funded by those charges, and funds from charges benefited general public.

Application of statutory definition of "tax" to charges assessed for 911 services, Telecommunications Access Minnesota (TAM) that provided devices and services to persons with communication disabilities, and Telephone Access Plan (TAP) that provided telephone assistance to low income individuals, resulting in bar against qui tam action against telecommunications service providers under Minnesota False Claims Act (MFCA) as claim brought under "Minnesota statutes relating to taxation" did not impermissibly nullify MFCA liability for "reverse false claims"; rather, reverse false claims provisions remained effective for alleged violations involving claims, records, or statements that were not made under Minnesota Statutes relating to taxation.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com