

Tax Revenue	Offer #3	
	FY 14-15 Biennium	FY 16-17 Biennium
<u>Income Tax</u>		
4th Tier at 10.5% on MJ Filers at \$250,000	1,482,543	1,516,595 *
Increase AMT Rate, the AMT Exemption Amount & Phase-Out Threshold	-	-
Repeal Long-Term Care Insurance Tax Credit	-	-
Charitable Contribution Credit	-	-
Make R&D Credit Non Refundable	-	-
MA Subtraction	(13,000)	(15,500)
Historic Credit (Retroactive and Sunset Extension)	(4,000)	(25,500)
Shortline Railroad Subtraction	(120)	-
Angel Investment Credit Increase	-	-
Greater MN Internship Credit	(2,020)	(4,040)
Interactions	10,000	18,000
Subtotal - Income Tax	1,473,403	1,489,555
<u>Corporate Tax</u>		
Limit Foreign Royalty Subtraction to Unitary Groups that have R&D	-	-
FOC Repeal with Interaction	46,000	40,700
Foreign Royalty Subtraction at 20%	131,800	108,400 *
Measurement of MN Sales	46,000	40,000
Foreign Partnerships	12,000	12,000
REIT Dividends	2,000	2,000
Increase the Minimum Fee	18,700	19,400
Tax Havens	-	-
Modify R&D Tax Credit, Non Refundable	-	-
Corporate Expenditures	(42,000)	(42,000)
Subtotal - Corporate Tax	214,500	180,500 *
<u>Federal Conformity (Individual + Corporate)</u>		
Increased Section 179 Expensing, with 80% Addback & 5-Year Recovery (TY 13)	-	-
50% Bonus Depreciation, with 80% Addback & 5-Year Recovery (TY 13)	-	-
Working Family Credit- Increase Phaseout Range for MJ by \$5,000 (Governor)	(34,400)	(35,500)
Subtotal - Federal Conformity	(34,400)	(35,500)
<u>Estate Taxes</u>		
Modify Qualified Farm and Small Business Provisions	23,800	47,200
Impose Gift Tax & Include Certain Gifts in Estate	-	-
Taxation of Non Resident Property Held in a Pass Through	-	-
Subtotal - Estate Tax	23,800	47,200
<u>Special Taxes</u>		
Cigarette/Tobacco	-	-
Cigarette Tax Increase, \$1.60/per pack	-	-
Other Tobacco Products, to 95% of wholesale price	-	-
Impose Cigarette Tax on Little Cigars	-	-
Cigarette Tax Increase, \$0.94/per pack	298,980	307,310
Other Tobacco Products, to 90% of wholesale price	17,290	28,720
Impose Cigarette Tax on Little Cigars & Set Max on Premium Cigars	16,300	17,000
Subtotal - Cigarette	332,570	353,030

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Tax Revenue	FY 14-15 Biennium	FY 16-17 Biennium
Alcohol Tax Increase, 7 cents/drink with Small Brewer/Winery Credits		
<i>Brewers Alcohol Tax Credit</i>	(840)	(860)
<i>Small Winery Credit (House - except corresponds to current law wine tax)</i>	(74)	(74)
<i>MV Rental Tax Increase to 9.2%</i>	15,000	16,500
<i>Sports Memorabilia to 13%</i>		
Subtotal - Special Taxes Other	14,086	15,566
Mineral Tax		
Increase Taconite Occupation Rate from 2.45% to 4.95%	-	-
Occupation Tax - Reduction in Distribution to the GF; Deposit in the Special Revenue Fund	(3,900)	(4,140)
Pension Aid - Volunteer Firefighters	(11,000)	(11,000)
Bloomington MOA - Infrastructure Aid	(480)	(3,497) *
Sales Tax (at current law general sales tax rate of 6.5%)		
Sales Tax Base Expansion	408,500	492,300
Warehousing & Storage - Included above	-	-
Sales Tax Exemption for Cities/Counties, Effective Jan. 1. 2014	(172,000)	(254,100)
Upfront Capital Equipment Sales Tax Exemption	(139,600)	(49,100)
<i>All Other Sales Tax Exemptions</i>	<i>(23,571)</i>	<i>(34,926)</i>
<i>Offset for Impacts to GF for Stadium and Aviation/State Airport Fund</i>	<i>(55,800)</i>	<i>(55,800)</i>
Subtotal Sales	17,529	98,374
<i>Parallel Taxation of Direct Satellite Services</i>	<i>2,460</i>	<i>2,880</i>
<i>Digital Products (Placeholder Estimate) W/House Fix and Subsequent Senate Fix</i>	<i>8,260</i>	<i>9,890</i>
<i>Admission to Stadium Box Seats & Suites - Pro Sports</i>	<i>4,700</i>	<i>6,100</i>
<i>Affiliate Nexus/Drop Ship</i>	<i>9,700</i>	<i>12,400</i>
<i>New Method for Calculating Motor Vehicle Paint & Materials</i>	<i>5,100</i>	<i>5,700</i>
Total Sales	47,749	135,344
TOTAL	2,056,328	2,167,058
Target	2,050,000	2,000,000

*Base expansion includes: Warehousing & Storage, Electronic and Commercial Repair & Maintenance, Telecommunications equipment

*Exemptions: Local Gov'ts, Upfront Capital Equip, Aircraft provisions, Multiple Points of Use, Sales between a religious order and a higher education institution, Nursing homes, Data Centers, Certain Dental Clinics, 3M, Emerson, Baxter, DMC, Greater MN Expansion, DME, Coin Operated, NP car sharing

*Historic credit sunset extension w/o cap and with revised revenue estimate (5.7) & Retroactive/Clarifying Eff. Date

Estimated 2-Year Income Tax Surcharge (MJ \$500,000)	864,600	-
Repayment of School Aid Payment/PTRS in FY14	(864,600)	
Aids & Credits		
LGA Increase and Formula Modification	80,000	160,000
County Program Aid Increase	40,000	80,000
Township Aid	5,000	10,000
Renters Credit	15,500	33,600