

2018 Omnibus Tax Bill (SF3982, As amended by the A3 & A15)

SUMMARY

\$ in thousands

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, & REFUNDS: Positive amounts indicate expenditure

LINE	ITEM	FY 18-19	FY 20-21
	GENERAL FUND FORECAST (FEBRUARY 2018)		
1	TAX POLICY (REVENUE)	42,963,853	46,360,377
2	PROPERTY TAX REFUNDS, AIDS, & CREDITS	3,655,702	3,652,469
	GENERAL FUND PROPOSED CHANGES		
5	TAX POLICY	-171,185	-94,345
6	PROPERTY TAX REFUNDS, AIDS, & CREDITS	0	-370
7	SUBTOTAL: GENERAL FUND PROPOSED CHANGES NET EFFECT	-171,185	-93,975
	NON-GENERAL FUND PROPOSED CHANGES		
10	LEGACY FUNDS	-20	-60
11	MNSURE ACCOUNT	0	0
12	TACONITE ECONOMIC DEVELOPMENT FUND	0	-832
13	TACONITE ENVIRONMENTAL PROTECTION ACCOUNT	0	832
14	IRON RANGE RESOURCES AND REHABILITATION ACCOUNT	3,211	0
15	TACONITE PROPERTY TAX RELIEF ACCOUNT	-3,211	0
16	SUBTOTAL: NON-GENERAL FUND PROPOSED CHANGES	-20	-60

2018 Omnibus Tax Bill (SF3982, As amended by the A3 & A15)

GENERAL FUND, CHANGE ITEMS ONLY

\$ in thousands | BOLD indicates rows included in total

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, REFUND: Positive amounts indicate expenditure

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
TAX POLICY:										
TCJA CONFORMITY - NON-BUSINESS INDIVIDUAL INCOME TAX PROVISIONS										
1			Reverse Forecast Adjustment/Repeal Consistent Election Requirement	TY18	0	-26,500	-26,500	-27,100	-27,900	-55,000
2			FAGI Starting Point/Adopt Chained CPI/Allow prior law federal itemized deductions	TY18	0	-23,500	-23,500	500	14,300	14,800
3			Allow Exclusion of Discharged Student Loan Debt in Case of Death or Disability	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
4			Allow Section 529 Withdrawals of up to \$10,000	TY18	0	-800	-800	-800	-900	-1,700
5			Expand Eligibility for Medical Expense Deduction by Reducing FAGI Floor to 7.5% (from 10%)	TY17-18	0	-26,400	-26,400	0	0	0
6			Repeal Deduction for Alimony Payments and Corresponding Inclusion of Received Alimony	TY19	0	500	500	1,100	2,300	3,400
7			Subtraction for Qualified Moving Expenses	TY19	0	-5,000	-5,000	-3,700	-3,900	-7,600
8			Suspend Deduction for moving expenses (other than service members)	TY19	0	5,000	5,000	3,900	4,000	7,900
9			Clarify Limit on Wagering Losses	TY18	0	150	150	90	90	180
10			Conform to Disallowing the Charitable Deduction for College Athletic Seating Payments	TY18	0	2,000	2,000	1,200	1,200	2,400
11			Repeal Exclusion for Certain Employer-Provided Bicycle Fringe Benefits	TY18	0	40	40	30	30	60
12			Allow Increased Contributions to ABLE Accounts	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
13			Extend Rollover Period for Certain Retirement Plan Loan Offsets	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
14			Repeal Special Rule Permitting Recharacterization of IRA Contributions	TY18	0	450	450	300	300	600
15			SUBTOTAL: TCJA CONFORMITY - NON-BUSINESS INDIVIDUAL INCOME TAX PROVISIONS		0	-74,060	-74,060	-24,480	-10,480	-34,960
TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS										
18	Lang	540	Full conformity with Section 179 Expensing (Eliminate 80% Addback)	TY19	0	-20,300	-20,300	-63,700	-50,000	-113,700
19			Conform to Bonus Depreciation (Maintain 80% MN Addback)	TY18	-600	1,000	400	8,700	10,700	19,400
20			Disallow Certain Active Pass Through Losses (above \$250k for single and \$500k for joint filers)	TY18	0	58,000	58,000	52,200	46,300	98,500
21			Tax Gain on Sale of Partnership on a Look-Through Basis	TY18	0	1,100	1,100	1,800	1,900	3,700
22			Expand Definition of Built-in Loss for Purposes of Partnership Loss Transfers	TY18	0	400	400	300	300	600
23			Charitable Contributions and Foreign Taxes Accounted for in Determining Limit on Partner's Share of Loss	TY18	0	700	700	700	800	1,500
24			Repeal Rollover of Publicly Traded Securities Gain	TY18	0	300	300	300	300	600
25			Small Business Accounting Method Reform and Simplification	TY18	-4,300	-62,700	-67,000	-22,000	-12,200	-34,200
26			Conform to Limitation on Net Interest Deduction (30% of Income)	TY18	4,400	97,700	102,100	90,500	92,500	183,000

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
27			Conform to Modifications of Net Operating Loss Deduction	TY18	2,100	38,800	40,900	31,900	43,300	75,200
28			Repeal Deferred Gain on Like-Kind Exchanges	TY18	100	2,300	2,400	2,500	3,300	5,800
29			Reduce Recovery Period for Certain Real Property	TY18	0	-200	-200	-400	-600	-1,000
30			Repeal Deduction for Local Lobbying Expenses	7/1/2018	0	200	200	100	100	200
31			Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	200	3,600	3,800	2,600	2,700	5,300
32			Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	200	2,700	2,900	2,000	2,000	4,000
33			Prohibit Deduction for Employee Achievement Awards	TY18	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
34			Limit Deduction for FDIC Premiums	TY18	100	1,900	2,000	1,800	1,800	3,600
35			Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA	7/1/2018	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
36			Revise Treatment of Contributions to Capital	7/1/2018	0	300	300	400	700	1,100
37			Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-100	-1,500	-1,600	-900	0	-900
38			Modify Limit on Excessive Compensation	TY18	0	500	500	600	600	1,200
39			Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	100	3,500	3,600	3,900	4,800	8,700
40			SUBTOTAL: TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS		2,200	128,300	130,500	113,300	149,300	262,600
			TCJA CONFORMITY - CORPORATE FRANCHISE TAX							
43	Lang	540	Full conformity with Section 179 Expensing (Eliminate 80% Addback)	TY19	0	-7,700	-7,700	-24,100	-18,900	-43,000
44			Index Corporate Minimum Fee Using Chained CPI	TY18	0	0	0	100	100	200
45			Conform to Bonus Depreciation (Maintain 80% MN Addback)	TY18	-1,300	2,100	800	18,300	22,600	40,900
46			Repeal Rollover of Publicly Traded Securities Gain	TY18	0	700	700	600	600	1,200
47			Small Business Accounting Method Reform and Simplification	TY18	-500	-6,900	-7,400	-2,400	-1,300	-3,700
48			Conform to Limitation on Net Interest Deduction (30% of Income)	TY18	700	16,600	17,300	15,400	15,700	31,100
49			Repeal Deferred Gain on Like-Kind Exchanges	TY18	100	2,900	3,000	3,100	4,200	7,300
50			Reduce Recovery Period for Certain Real Property	TY18	0	-500	-500	-800	-1,100	-1,900
51			Repeal Deduction for Local Lobbying Expenses	7/1/2018	0	400	400	300	300	600
52			Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	600	9,800	10,400	7,000	7,300	14,300
53			Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	400	7,300	7,700	5,400	5,600	11,000
54			Prohibit Deduction for Employee Achievement Awards	TY18	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
55			Limit Deduction for FDIC Premiums	TY18	200	5,000	5,200	4,900	4,900	9,800
56			Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA	7/1/2018	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
57			Revise Treatment of Contributions to Capital	7/1/2018	0	800	800	1,100	2,000	3,100
58			Conform to Modifications of Historic Rehabilitation Credit	TY18	0	14,900	14,900	25,000	12,700	37,700
59			Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-100	-1,900	-2,000	-1,100	0	-1,100
60			Modify Limit on Excessive Compensation	TY18	0	2,800	2,800	3,600	3,600	7,200
61			Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	100	1,800	1,900	2,100	2,500	4,600
62			SUBTOTAL: TCJA CONFORMITY - CORPORATE FRANCHISE TAX		200	48,100	48,300	58,500	60,800	119,300

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
			UNRELATED BUSINESS INCOME TAX							
65			Unrelated Business Income of Charitable Organizations Separately Computed	TY18	0	3,100	3,100	2,200	2,200	4,400
66			SUBTOTAL: UNRELATED BUSINESS INCOME TAX		0	3,100	3,100	2,200	2,200	4,400
			OTHER CONFORMITY							
69	Franzen	2523	Conform to Disaster Tax Relief and Airport and Airway Extension Act*	7/1/2018	-5,540	1,990	-3,550	710	310	1,020
70			Conform to Bipartisan Budget Act of 2018*	7/1/2018	-20,790	185	-20,605	310	125	435
71			Make Permanent Mortgage Insurance Premiums Deduction	TY18	0	-7,000	-7,000	-7,800	-9,000	-16,800
72			Make Premanent Tuition Expenses Deduction	TY18	0	-2,600	-2,600	-2,600	-2,700	-5,300
73			SUBTOTAL: OTHER CONFORMITY		-26,330	-7,425	-33,755	-9,380	-11,265	-20,645
75			<i>REFERENCE SUBTOTAL: NET EFFECT OF CONFORMITY-RELATED ITEMS</i>		<i>-23,930</i>	<i>98,015</i>	<i>74,085</i>	<i>140,140</i>	<i>190,555</i>	<i>330,695</i>
			OTHER INDIVIDUAL INCOME TAX PROVISIONS							
78	Chamberlain		Rate Reduction on 1st Bracket (to 5.10% from 5.35%)	TY18	0	-237,800	-237,800	-166,200	-171,200	-337,400
79	Anderson, P.	1668	Angel Tax Credit	TY18	0	-5,000	-5,000	0	0	0
80	Rest	3850	Stillbirth Credit Modification	Retro 1/1/2016	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
81	Chamberlain	4010	Tax Rate Reduction Contingent on Budget Surplus	7/1/2018	0	0	0	<i>(Unkn.)</i>	<i>(Unkn.)</i>	<i>(Unkn.)</i>
82	Chamberlain	265	Cannabis Expense Subtraction	TY18	<i>(Unkn.)</i>	<i>(Unkn.)</i>	<i>(Unkn.)</i>	<i>(Unkn.)</i>	<i>(Unkn.)</i>	<i>(Unkn.)</i>
83	Johnson	3735	Income Tax Interaction: Intrastate Natural Gas Transportation or Distribution Pipeline Exemption	Payable 20	0	0	0	0	<i>Negl.</i>	<i>Negl.</i>
84			SUBTOTAL: OTHER INDIVIDUAL INCOME TAX PROVISIONS		0	-242,800	-242,800	-166,200	-171,200	-337,400
			OTHER CORPORATE FRANCHISE TAX PROVISIONS							
87	Chamberlain	3201	Captive Insurance Company Definition	Retro 2017	0	0	0	0	-400	-400
88			SUBTOTAL: OTHER CORPORATE TAX PROVISIONS		0	0	0	0	-400	-400
			SALES TAX							
91	Anderson, P.	3503	Exemption: Construction of Minnetonka Public Safety Facility (Expires 1/1/21)	1/30/2018	0	-110	-110	-520	-180	-700
92	Westrom	387	Exemption: Extend Exemption of Construction Materials for City of Melrose (Expires 1/1/23)	Retro 9/30/16	100	-100	0	0	0	0
93	Ingebritsen	659	Exemption: Game Release Fees	FY19	0	-160	-160	-160	-170	-330
94			SUBTOTAL: SALES TAX		100	-370	-270	-680	-350	-1,030
			STATEWIDE PROPERTY TAX							
97	Johnson	3735	Intrastate Natural Gas Transportation or Distribution Pipeline Exemption	Payable 20	0	0	0	<i>(Negl.)</i>	-10	-10
98			SUBTOTAL: STATEWIDE PROPERTY TAX		0	0	0	0	-10	-10

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
			ESTATE TAX							
101	Nelson	3867	Increase Estate Tax Exclusion to \$5 million	1/1/2019	0	0	0	-38,400	-44,100	-82,500
102	Relph	2951	Modification to Definition of Qualified Property	Retro 1/1/2018	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)
103			SUBTOTAL: ESTATE TAX		0	0	0	-38,400	-44,100	-82,500
			OCCUPATION TAX							
106	Eichorn	2965	Occupation Tax Refund	FY19	0	-2,200	-2,200	-1,900	-1,800	-3,700
107			SUBTOTAL: OCCUPATION TAX		0	-2,200	-2,200	-1,900	-1,800	-3,700
111			TOTAL: TAX POLICY		(23,830)	(147,355)	(171,185)	(67,040)	(27,305)	(94,345)

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
AIDS, CREDITS, AND REFUNDS:										
PROPERTY TAX REFUNDS										
115	Koran	741	Certain Ground Lease Payments Made Eligible for Homestead Credit Refund	Payable 19	0	0	0	180	180	360
116	Anderson, B.	3261	Disabled Veterans Homestead Exclusion Spousal Benefit Modified	Payable 19	0	0	0	-660	-70	-730
117	Koran	3661	Retreat or Craft Houses Reclassified as Seasonal-Recreational Property	Payable 19	0	0	0	Negl.	Negl.	Negl.
118	Chamberlain	2458	Interaction: Property Tax Exemption Expansion to Indian Tribe Owned Pharmacy	Payable 19	0	0	0	Negl.	Negl.	Negl.
119			SUBTOTAL: PROPERTY TAX REFUNDS		0	0	0	-480	110	-370
123			TOTAL: AIDS, CREDITS, AND REFUNDS		0	0	0	(480)	110	(370)
126			NET GENERAL FUND EFFECT (TAX POLICY - AIDS, CREDITS, REFUNDS)		(23,830)	(147,355)	(171,185)	(66,560)	(27,415)	(93,975)

NOTES

* - Total includes individual income tax revenue and corporate franchise tax revenue

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NON-GENERAL FUND, CHANGE ITEMS ONLY

\$ in thousands | BOLD indicates rows included in total

Positive amounts indicate revenue increase

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE	A	B	C	D	E	F
					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
NON-GENERAL FUND EFFECTS:										
LEGACY FUNDS										
1	Anderson, P.	3503	Exemption: Construction of Minnetonka Public Safety Facility (Expires 1/1/21)	1/30/2018	0	-10	-10	-30	-10	-40
2	Westrom	387	Exemption: Extend Exemption of Construction Materials for City of Melrose (Expires 1/1/21)	Retro 9/30/16	5	-5	0	0	0	0
3	Ingebritsen	659	Exemption: Game Release Fees	FY19	0	-10	-10	-10	-10	-20
4			SUBTOTAL: LEGACY FUNDS		5	-25	-20	-40	-20	-60
MNSURE ACCOUNT										
7	Chamberlain	3392	Revenue reduction: Premium Withold Decreased to 2% (from 3.5%)	1/1/2019	0	-4,676	-4,676	-9,127	-9,126	-18,253
8	Chamberlain	3392	Expenditure reduction: Reduced Appropriation for Mnsure Operations	1/1/2019	0	4,676	4,676	9,127	9,126	18,253
9			SUBTOTAL: MNSURE ACCOUNT		0	0	0	0	0	0
TACONITE ECONOMIC DEVELOPMENT FUND										
12	Bakk	3995, A3	Modify Eligibility for Distributions	Retro 12/31/16	0	0	0	-413	-419	-832
13			SUBTOTAL: TACONITE ECONOMIC DEVELOPMENT FUND		0	0	0	-413	-419	-832
TACONITE ENVIRONMENTAL PROTECTION FUND										
16	Bakk	3995, A3	Receipt of Excess Remainder of TEDF Distributions	7/1/2018	0	0	0	413	419	832
17			SUBTOTAL: TACONITE ENVIRONMENTAL PROTECTION FUND		0	0	0	413	419	832
IRON RANGE RESOURCES AND REHABILITATION ACCOUNT										
20	Bakk	3995, A3	Transfer in from Taconite Property Tax Relief Account	2018 Distr.	0	3,211	3,211	0	0	0
21			SUBTOTAL: IRON RANGE RESOURCES AND REHABILITATION ACCOUNT		0	3,211	3,211	0	0	0
TACONITE PROPERTY TAX RELIEF ACCOUNT										
24	Bakk	3995, A3	Transfer out to Iron Range Resources and Rehabilitation Account	2018 Distr.	0	-3,211	-3,211	0	0	0
25			SUBTOTAL: TACONITE PROPERTY TAX RELIEF ACCOUNT		0	-3,211	-3,211	0	0	0
29			TOTAL: NON-GENERAL FUND EFFECTS		5	(25)	(20)	(40)	(20)	(60)

APPENDIX A: NON-FISCAL POLICY ITEMS

ITEMS WITHOUT STATE BUDGET EFFECTS

LINE	AUTHOR	SF	ITEM	EFFECTIVE DATE
<u>PUBLIC FINANCE:</u>				
1	Senjem	3409	Public Facilities Project Bond Allocation Act Modification	7/1/2018
2	Chamberlain	3097	Drainage Lien Principal Interest Rate Modification	7/1/2018
<u>PROPERTY TAX:</u>				
5	Housley	2661	Metropolitan Agricultural Preserves Expiration Modification	DFE
6	Johnson	2463	Northwest Minnesota Multicounty Housing and Redevelopment Levy Authority (Expires Payable 24)	Payable 19
7	Chamberlain	1918	Fire Protection Special Taxing District	DFE
8	Lang	3077	Watershed District Levy Authority Modified	Payable 19
9	Bakk	1274	Cities and Towns May Appropriate to Local Historical Societies	DFE
10	Utke	3707	Pipeline and Utilities Property Valuation Study and Report	7/1/2018
11	Bakk	3995	Sustainable Forest Incentive Act (SFIA) Program Eligible Land Clarification	DFE
<u>LOCAL:</u>				
14	Westrom	2519	Fire Remediation Grant Extension	DFE
15	Dziedzic	2903	Increase City of Minneapolis Maximum Allowable Lodging Tax Cap to 13.875% (from 13%)	Local Approval
16	Mathews	3253	Excise Tax and Fee Prohibition	DFE
17				
<u>TECHNICAL AND POLICY:</u>				
19	Chamberlain	3712	Department of Revenue Policy Bill (with modifications)	Various
20	Chamberlain	3711	Department of Revenue Technical Bill (with modifications)	Various