

2018 Omnibus Tax Bill (SF 3982, As Amended by SCS3982A-3 Amendment)

SUMMARY

\$ in thousands

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, & REFUNDS: Positive amounts indicate expenditure

LINE	ITEM	A	B
		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	-176,785	-102,445
6	PROPERTY TAX REFUNDS, AIDS, & CREDITS	0	-370
7	SUBTOTAL: GENERAL FUND PROPOSED CHANGES NET EFFECT	-176,785	-102,075
NON-GENERAL FUND PROPOSED CHANGES			
10	LEGACY FUNDS	-20	-60
11	TACONITE ECONOMIC DEVELOPMENT FUND	0	-832
12	TACONITE ENVIRONMENTAL PROTECTION ACCOUNT	0	832
13	IRON RANGE RESOURCES AND REHABILITATION ACCOUNT	3,211	0
14	TACONITE PROPERTY TAX RELIEF ACCOUNT	-3,211	0
15	SUBTOTAL: NON-GENERAL FUND PROPOSED CHANGES	-20	-60
OTHER BUDGET EFFECTS			
18	MNSURE OPERATING BUDGET	-4,676	-18,253
19	SUBTOTAL: OTHER BUDGET EFFECTS	-4,676	-18,253

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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			FAGI Starting Point/Do not conform to TJCA	TY18	0	-26,500	-26,500	-27,100	-27,900	-55,000
2			Allow Exclusion of Discharged Student Loan Debt in Case of Death or Disability	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
3			Allow Section 529 Withdrawals of up to \$10,000	TY18	0	-800	-800	-800	-900	-1,700
4			Expand Eligibility for Medical Expense Deduction by Reducing FAGI Floor to 7.5% (from 10%)	TY17-18	0	-27,000	-27,000	0	0	0
5			Repeal Deduction for Alimony Payments and Corresponding Inclusion of Received Alimony	TY19	0	500	500	1,100	2,300	3,400
6			Clarify Limit on Wagering Losses	TY18	0	150	150	90	90	180
7			Conform to Disallowing the Charitable Deduction for College Athletic Seating Payments	TY18	0	2,000	2,000	1,200	1,200	2,400
8			Repeal Exclusion for Certain Employer-Provided Bicycle Fringe Benefits	TY18	0	40	40	30	30	60
9			Allow Increased Contributions to ABLE Accounts	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
10			Extend Rollover Period for Certain Retirement Plan Loan Offsets	TY18	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
11			Repeal Special Rule Permitting Recharacterization of IRA Contributions	TY18	0	450	450	300	300	600
12			SUBTOTAL: TCJA CONFORMITY - NON-BUSINESS INDIVIDUAL INCOME TAX PROVISIONS		0	-51,160	-51,160	-25,180	-24,880	-50,060
TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS										
15	Lang	540	Full conformity with Section 179 Expensing (Eliminate 80% Addback)	TY19	0	-20,300	-20,300	-63,700	-50,000	-113,700
16			Conform to Bonus Depreciation (Maintain 80% MN Addback)	TY18	-600	1,000	400	8,700	10,700	19,400
17			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
18			Tax Gain on Sale of Partnership on a Look-Through Basis	TY18	0	1,100	1,100	1,800	1,900	3,700
19			Expand Definition of Built-in Loss for Purposes of Partnership Loss Transfers	TY18	0	400	400	300	300	600
20			Charitable Contributions and Foreign Taxes Accounted for in Determining Limit on Partner's Share of Loss	TY18	0	700	700	700	800	1,500
21			Repeal Rollover of Publicly Traded Securities Gain	TY18	0	300	300	300	300	600
22			Small Business Accounting Method Reform and Simplification	TY18	-4,300	-62,700	-67,000	-22,000	-12,200	-34,200
23			Conform to Limitation on Net Interest Deduction (30% of Income)	TY18	4,400	97,700	102,100	90,500	92,500	183,000
24			Conform to Modifications of Net Operating Loss Deduction	TY18	2,100	38,800	40,900	31,900	43,300	75,200
25			Repeal Deferred Gain on Like-Kind Exchanges	TY18	100	2,300	2,400	2,500	3,300	5,800
26			Reduce Recovery Period for Certain Real Property	TY18	0	-200	-200	-400	-600	-1,000
27			Repeal Deduction for Local Lobbying Expenses	7/1/2018	0	200	200	100	100	200
28			Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	200	3,600	3,800	2,600	2,700	5,300
29			Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	200	2,700	2,900	2,000	2,000	4,000

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
30			Prohibit Deduction for Employee Achievement Awards	TY18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
31			Limit Deduction for FDIC Premiums	TY18	100	1,900	2,000	1,800	1,800	3,600
32			Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA	7/1/2018	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
33			Revise Treatment of Contributions to Capital	7/1/2018	0	300	300	400	700	1,100
34			Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-100	-1,500	-1,600	-900	0	-900
35			Modify Limit on Excessive Compensation	TY18	0	500	500	600	600	1,200
36			Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	100	3,500	3,600	3,900	4,800	8,700
37			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							
40	Lang	540	Full conformity with Section 179 Expensing (Eliminate 80% Addback)	TY19	0	-7,700	-7,700	-24,100	-18,900	-43,000
41			Conform to Bonus Depreciation (Maintain 80% MN Addback)	TY18	-1,300	2,100	800	18,300	22,600	40,900
42			Repeal Rollover of Publicly Traded Securities Gain	TY18	0	700	700	600	600	1,200
43			Small Business Accounting Method Reform and Simplification	TY18	-500	-6,900	-7,400	-2,400	-1,300	-3,700
44			Conform to Limitation on Net Interest Deduction (30% of Income)	TY18	700	16,600	17,300	15,400	15,700	31,100
45			Repeal Deferred Gain on Like-Kind Exchanges	TY18	100	2,900	3,000	3,100	4,200	7,300
46			Reduce Recovery Period for Certain Real Property	TY18	0	-500	-500	-800	-1,100	-1,900
47			Repeal Deduction for Local Lobbying Expenses	7/1/2018	0	400	400	300	300	600
48			Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	600	9,800	10,400	7,000	7,300	14,300
49			Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	400	7,300	7,700	5,400	5,600	11,000
50			Prohibit Deduction for Employee Achievement Awards	TY18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
51			Limit Deduction for FDIC Premiums	TY18	200	5,000	5,200	4,900	4,900	9,800
52			Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA	7/1/2018	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
53			Revise Treatment of Contributions to Capital	7/1/2018	0	800	800	1,100	2,000	3,100
54			Conform to Modifications of Historic Rehabilitation Credit	TY18	0	14,900	14,900	25,000	12,700	37,700
55			Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-100	-1,900	-2,000	-1,100	0	-1,100
56			Modify Limit on Excessive Compensation	TY18	0	2,800	2,800	3,600	3,600	7,200
57			Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	100	1,800	1,900	2,100	2,500	4,600
58			SUBTOTAL: TCJA CONFORMITY - CORPORATE FRANCHISE TAX		200	48,100	48,300	58,400	60,700	119,100
			UNRELATED BUSINESS INCOME TAX							
61			Unrelated Business Income of Charitable Organizations Separately Computed	TY18	0	3,100	3,100	2,200	2,200	4,400
62			SUBTOTAL: UNRELATED BUSINESS INCOME TAX		0	3,100	3,100	2,200	2,200	4,400
			OTHER CONFORMITY							
65	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
66			Conform to Bipartisan Budget Act of 2018*	7/1/2018	-20,790	185	-20,605	310	125	435
67			Make Permanent Mortgage Insurance Premiums Deduction	TY18	0	-7,000	-7,000	-7,800	-9,000	-16,800
68			Make Premanent Tuition Expenses Deduction	TY18	0	-2,600	-2,600	-2,600	-2,700	-5,300

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					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
69			SUBTOTAL: OTHER CONFORMITY		-26,330	-7,425	-33,755	-9,380	-11,265	-20,645
71			<i>REFERENCE SUBTOTAL: NET EFFECT OF CONFORMITY-RELATED ITEMS</i>		-23,930	120,915	96,985	139,340	176,055	315,395
74	Chamberlain		OTHER INDIVIDUAL INCOME TAX PROVISIONS							
			Rate Reduction on 1st Bracket (to 5.10% from 5.35%)	TY18	0	-266,300	-266,300	-169,400	-160,800	-330,200
75	Anderson, P.	1668	Angel Tax Credit	TY18	0	-5,000	-5,000	0	0	0
76	Rest	3850	Stillbirth Credit Modification	Retro 1/1/2016	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
77	Chamberlain	4010	Tax Rate Reduction Contingent on Budget Surplus	7/1/2018	0	0	0	(Unkn.)	(Unkn.)	(Unkn.)
78	Chamberlain	265	Cannabis Expense Subtraction	TY18	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)
79	Johnson	3735	Income Tax Interaction: Intrastate Natural Gas Transportation or Distribution Pipeline Exemption	Payable 20	0	0	0	0	Negl.	Negl.
80			SUBTOTAL: OTHER INDIVIDUAL INCOME TAX PROVISIONS		0	-271,300	-271,300	-169,400	-160,800	-330,200
83	Chamberlain	3201	OTHER CORPORATE FRANCHISE TAX PROVISIONS							
			Captive Insurance Company Definition	Retro 2017	0	0	0	0	-400	-400
84			SUBTOTAL: OTHER CORPORATE TAX PROVISIONS		0	0	0	0	-400	-400
87	Anderson, P.	3503	SALES TAX							
			Exemption: Construction of Minnetonka Public Safety Facility (Expires 1/1/21)	1/30/2018	0	-110	-110	-520	-180	-700
88	Ingebritsen	659	Exemption: Game Release Fees	FY19	0	-160	-160	-160	-170	-330
89			SUBTOTAL: SALES TAX		0	-270	-270	-680	-350	-1,030
92	Johnson	3735	STATEWIDE PROPERTY TAX							
			Intrastate Natural Gas Transportation or Distribution Pipeline Exemption	Payable 20	0	0	0	(Negl.)	-10	-10
93			SUBTOTAL: STATEWIDE PROPERTY TAX		0	0	0	0	-10	-10
96	Nelson	3867	ESTATE TAX							
			Increase Estate Tax Exclusion to \$5 million	1/1/2019	0	0	0	-38,400	-44,100	-82,500
97	Relp	2951	Modification to Definition of Qualified Property	Retro 1/1/2018	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)
98			SUBTOTAL: ESTATE TAX		0	0	0	-38,400	-44,100	-82,500
101	Eichorn	2965	OCCUPATION TAX							
			Occupation Tax Refund	FY19	0	-2,200	-2,200	-1,900	-1,800	-3,700
102			SUBTOTAL: OCCUPATION TAX		0	-2,200	-2,200	-1,900	-1,800	-3,700
106			TOTAL: TAX POLICY		(23,930)	(152,855)	(176,785)	(71,040)	(31,405)	(102,445)

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					FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
			AIDS, CREDITS, AND REFUNDS:							
			PROPERTY TAX REFUNDS							
110	Koran	741	Certain Ground Lease Payments Made Eligible for Homestead Credit Refund	Payable 19	0	0	0	180	180	360
111	Anderson, B.	3261	Disabled Veterans Homestead Exclusion Spousal Benefit Modified	Payable 19	0	0	0	-660	-70	-730
112	Koran	3661	Retreat or Craft Houses Reclassified as Seasonal-Recreational Property	Payable 19	0	0	0	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
113	Chamberlain	2458	Interaction: Property Tax Exemption Expansion to Indian Tribe Owned Pharmacy	Payable 19	0	0	0	<i>Negl.</i>	<i>Negl.</i>	<i>Negl.</i>
114			SUBTOTAL: PROPERTY TAX REFUNDS		0	0	0	-480	110	-370
118			TOTAL: AIDS, CREDITS, AND REFUNDS		0	0	0	(480)	110	(370)
121			NET GENERAL FUND EFFECT (TAX POLICY - AIDS, CREDITS, REFUNDS)		(23,930)	(152,855)	(176,785)	(70,560)	(31,515)	(102,075)

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

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NON-GENERAL FUND AND OTHER BUDGET EFFECTS, CHANGE ITEMS ONLY

\$ in thousands | BOLD indicates rows included in total

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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						
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	Ingebritsen	659	Exemption: Game Release Fees	FY19	0	-10	-10	-10	-10	-20						
3			SUBTOTAL: LEGACY FUNDS		0	-20	-20	-40	-20	-60						
TACONITE ECONOMIC DEVELOPMENT FUND																
6	Bakk	3995, A3	Modify Eligibility for Distributions	Retro 12/31/16	0	0	0	-413	-419	-832						
7			SUBTOTAL: TACONITE ECONOMIC DEVELOPMENT FUND		0	0	0	-413	-419	-832						
TACONITE ENVIRONMENTAL PROTECTION FUND																
10	Bakk	3995, A3	Receipt of Excess Remainder of TEDF Distributions	7/1/2018	0	0	0	413	419	832						
11			SUBTOTAL: TACONITE ENVIRONMENTAL PROTECTION FUND		0	0	0	413	419	832						
IRON RANGE RESOURCES AND REHABILITATION ACCOUNT																
14	Bakk	3995, A3	Transfer in from Taconite Property Tax Relief Account	2018 Distr.	0	3,211	3,211	0	0	0						
15			SUBTOTAL: IRON RANGE RESOURCES AND REHABILITATION ACCOUNT		0	3,211	3,211	0	0	0						
TACONITE PROPERTY TAX RELIEF ACCOUNT																
18	Bakk	3995, A3	Transfer out to Iron Range Resources and Rehabilitation Account	2018 Distr.	0	-3,211	-3,211	0	0	0						
19			SUBTOTAL: TACONITE PROPERTY TAX RELIEF ACCOUNT		0	-3,211	-3,211	0	0	0						
23			TOTAL: NON-GENERAL FUND EFFECTS		0	(20)	(20)	(40)	(20)	(60)						
OTHER BUDGET EFFECTS:																
MNSURE																
26	Chamberlain	3392	Reduction of Premium Withhold to 2% (from 3.5%)	1/1/2019	0	-4,676	-4,676	-9,127	-9,126	-18,253						
27			SUBTOTAL: MNSURE		0	-4,676	-4,676	-9,127	-9,126	-18,253						
31			TOTAL: OTHER BUDGET EFFECTS		0	(4,676)	(4,676)	(9,127)	(9,126)	(18,253)						

APPENDIX A: NON-FISCAL POLICY ITEMS

ITEMS WITHOUT STATE BUDGET EFFECTS, CHANGE ITEMS ONLY

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